

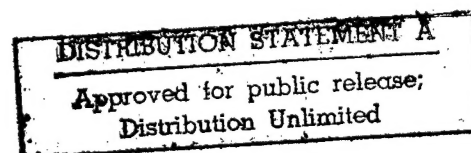


JPRS Report

East Asia

Southeast Asia

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Pol Pot Said To Have Returned to Base Camp

92SE0130A Bangkok *THE NATION* in English
20 Nov 91 p a4

[Text] Khmer Rouge leader Pol Pot has secretly returned to his base camp in western Cambodia while Phnom Penh was celebrating the return of Prince Norodom Sihanouk, a Khmer Rouge spokesman said here yesterday.

He added that Khieu Samphan, Pol Pot's most trusted confidant and the leader of the Khmer Rouge delegation on the interim Supreme National Council (SNC), was also in western Cambodia.

Informed sources here said it was believed the two men were holding discussions ahead of Khieu Samphan's arrival in Phnom Penh to take up his place on the SNC, a body set up under the United Nations peace plan signed last month.

Khieu Samphan was originally expected to arrive in Phnom Penh on Monday, but his return was delayed, with the Khmer Rouge spokesman saying only that he would return shortly.

The Khmer Rouge report that Pol Pot, among the world's most reviled despots, had left his protected house in Thailand, near the Thai-Cambodia border, confirmed remarks made Sunday by Foreign Minister Asa Sarasin.

Asa, answering questions from journalists about whether Thailand would arrest the 65-year-old who oversaw the slaughter of more than a million Cambodians during his bloody four-year reign, said any arrest would be the responsibility of the Cambodians.

The foreign minister said Pol Pot was no longer in Thailand but was now in Cambodia.

Informed sources said Pol Pot is believed to have returned to Cambodia within the past few days.

Ever since he was forced to flee for his life when Vietnam invaded Cambodia in December 1978, Pol Pot has spent most of the time moving between Thailand and Cambodia.

The Thai military gave him a safe house in Trat near the Cambodian border, where he is believed to have been living with his minor wife and their child.

His first wife is reported to be in a mental home in Beijing.

Military supreme commander Suchinda Khrapayun met with Pol Pot this year before peace talks in June among the four warring factions in the Thai seaside resort of Phattaya and reported the Khmer Rouge leader was in perfect health.

Suchinda later said that Pol Pot should be treated fairly as he had officially stepped down as the Khmer Rouge leader.

But diplomats remain convinced that Pol Pot continues to mastermind the Khmer Rouge's long-term goal to regain power in Cambodia.

News that he has crossed back to Khmer Rouge-controlled areas of western Cambodia has led to speculation that he was ordered out by the Thai Government following calls from Phnom Penh last week that Pol Pot should be put on trial.

Prince Sihanouk said recently during a trip to the United States that he supported the setting up of an international tribunal to try the Khmer Rouge's most infamous leaders—Pol Pot, Ieng Sary and Ta Mok.

"All this talk of trying Pol Pot could have unnerved the Thais. By getting Pol Pot to go back over the border to Cambodia, at least for a while, has let them off the hook. They can wipe their hands of the problem," one diplomat said yesterday.

Khmer Rouge Infiltration of Kompong Speu Viewed

92SE0129A Bangkok *BANGKOK POST* in English
19 Nov 91 p 6

[Article by Nusara Thaithawat]

[Text] Kompong Speu—Signs of war are absent along the 40-mile stretch of Highway 4 between Phnom Penh and Kompong Speu province where the Khmer Rouge is known to be active. Rice plants swaying in the breeze give an impression of abundance and peace.

But only last week, one villager was killed when Khmer Rouge guerrillas fired rockets into two villages in Phnom Sruoc District and robbed a small commercial center for supplies, according to a provincial official.

The attacks were on November 12 and 13, just before the return home to Cambodia of former monarch Prince Norodom Sihanouk on Thursday.

Ok Sophon, a permanent member of the Provincial People's Committee, estimates there are more than 500 Khmer Rouge guerrillas in this province, where two-thirds of the area are forested.

Local residents interviewed by the *BANGKOK POST* said: "You're safe along the main road," but warned not to venture farther afield.

Kompong Speu is a traditional Khmer Rouge stronghold. Its leader Khieu Samphan and two other one-time prominent Khmer Rouge, Hu Nim and Hu Youn, who are now dead, were active here in the 1960s.

Ok Sophon said the overall situation has improved compared with six months ago.

"The number of rockets has decreased but there is still some activity to gain terrain."

He said the Khmer Rouge infiltrated Phnom Penh-controlled areas in the province from time to time, but that none of its guerrillas had been captured because they move around all the time and it is difficult to locate them.

"But they are known to infiltrate Bo Set, Kong Pesey, Phnom Sruoc, Thporn, and Udon districts and conduct political propaganda.

"From time to time, they attack villages and tell the people that the government has been dissolved and that they have formed a national council at village level."

Ok Sophon said that even with the signing of the Paris agreement "the Khmer Rouge do not have the habit of respecting the law, the right to live and human rights. The people are still fearful of them.

"I think the people are happy with the presence of the United Nations and foreign diplomatic missions, because they always think that Pol Pot could govern again. They all do not want to die," he said.

Phnom Penh has based one regiment in the province to guard its position and protect its 420,000 population. There are also the police and the local militia. Ok Sophon claimed 70 percent of the forces have been dissolved since October 23.

Ok Sophon also said the people know about the political situation through radio and television. There is no electricity and water but televisions are powered with generators.

The rice fields along Highway 4 stop short as the city center nears. Kompong Speu is considered to be one of the poorest provinces in Cambodia, hard hit by consecutive years of drought and floods this year.

Phnom Penh relocated 30,779 people from Aural District, which remains a Khmer Rouge stronghold, to five displaced persons' camps last year to prevent the guerrillas from swaying people to their side.

It is estimated that 200,000 people have been moved for the same reason throughout the country as Phnom Penh prepares for elections—and as a last resort against the Khmer Rouge attracting villagers.

Ok Sophon said the government is helping displaced people with 10 kg of rice per person per month. The same amount has been given to 33,907 flood victims and people who are poor as a result of war.

It is estimated that as many as 50 percent of the women in this province are widows. Their husbands were killed in combat or by mines.

"Families where the husband is still alive are much better off," Ok Sophon said.

Also, there are not enough resources to equip schools and hospitals properly. Ok Sophon said only 50 percent of students who complete junior high school (Mathayom 3) can continue to senior high school (Mathayom 4 to 6).

Most of the displaced people have been resettled in Okoki displaced persons' camp in Samrong Torng District, 54 kilometers from the town of Kompong Speu and 36 kilometers from Aural.

Pen Sambo, an Okoki camp administrator, said 7,363 people (or 1,611 families) have been resettled here since May last year.

The government has spent 26 million riel to provide each family with a 30 x 50 meter plot on which to build their house and one hectare of land for cultivation.

The Cambodian Red Cross and World Vision, which has contributed nine million riel, are helping with rice, clothes and medicines while the government has also given out farming tools.

Pen Sambo said there are 37 teachers in the camp school and medical centers but they lack equipment.

"It was difficult to resettle the people because they had to clear the land with their own hands," he said. "It is better now though there remains a lot to do. People are making some money from selling firewood which brings in only a little money. The first crop of rice is being harvested."

A 27-year old peasant, who now runs a small shop in front of his house, said he is doing fine, making 5,000 riel a month selling dried fish, candy seasoning powder and salt.

Waking at dawn every day, he works in the woods to gather firewood for sale and also spends some time in his rice fields before the sun gets too hot.

Asked if he wants to go to Phnom Penh to find work, like an increasing number of people from the provinces, he said he is fine where he is but goes to the town of Kompong Speu to get merchandise for sale.

The dried fish sell for 250 riel (100 riel is roughly equivalent to 2 baht) and the candy for 20 riel.

He appears to be one of the lucky people who have resettled in Okoki, where he can run a small shop in the camp. He also has a motorcycle which he rides into the town of Kompong Speu to buy merchandise and pigs.

"I was afraid to be recruited by the Khmer Rouge. They have killed many people," he said, but added that none of his relatives were killed.

Prince Norodom Sihanouk was scheduled to visit the camp today. On Sunday piles of earth were on road 42 (off Highway 4) leading to the camp as workers levelled the moon-surfaced road.

The Foreign Ministry announced yesterday that the Prince's trip had been cancelled, but it did not provide any information. The Prince will instead visit the National Museum in Phnom Penh.

Residents of the well-planned camp dug holes—in front of their wooden houses—as a base for poles on which to

hoist flags of the State of Cambodia. Others applied white paint to their fences.

Ok Sophon said 60,000 people were to welcome the prince, with 30,000 lining the roads while the remaining 30,000 were told to be in front of the podium.

ECONOMIC

Capital Market Analysis

92SE0134A Jakarta KOMPAS in Indonesian 28 Dec 91
p 3

[Article by Dr. Kwik Kian Gie: "The BEJ [Jakarta Stock Exchange] Between 1991 and 1992"]

[Text] As of the end of 1991 our capital market is going through major changes. Privatization is becoming a reality and already has its principal guiding force. The chairman of Bapepam [Capital Market Executive Board] has been replaced. Therefore, the two most senior boards of directors of the top commercial securities institutions will begin operations with new personnel, which certainly will also be refreshing.

Their work will not be easy, and it is possible that 1992 will not bring clear results. Indeed, it may happen that there will be a split between the privately owned BEJ [Jakarta Stock Exchange] and the Bapepam, a government body, each with completely new boards of directors. This could result in a psychological condition which will stimulate business further and even make prices rise. However, in a real sense it is believed that the impact of the new management has not yet made itself felt. They will be busily involved in laying the foundation for greater efficiency in carrying on their business, and supervision by the Bapepam will be tight.

It is hoped that the BEJ will improve its efficiency and will be successful in operating more quickly and with greater agility. As a consequence the BEJ will make many changes, for example, in the computerization of transactions. Computerization will change many things. However, everything done so far has involved 89 changes, and there are still 60 more changes in the pipeline. To what extent will the government controlled Bapepam be able to adjust itself to the free wheeling and privately owned BEJ?

It is felt that, although the BEJ is privately owned, relations with the Bapepam will be good in view of the composition of its board of directors, since the members of the BEJ board are not merely private businessmen. Rather, they are government employees who were released from government service to take positions with the BEJ. As a result, coordination between the two bodies can be carried out as effectively as possible.

What are the prospects for the BEJ in 1992? I continue to think that all of this will depend very much on the behavior of the companies issuing securities. That is, whether they have an open attitude or not and whether or not those companies which display an open attitude will be considered fair toward investors among the general public, who will be very much in the minority. Unusual behavior may not violate the law, but this does not mean that there is not a law of cause and effect. The law of cause and effect will involve shares avoided by some investors. Who will lose? Not them. Those who

lose will be those investors who buy shares at a high price. The company issuing the securities will make a great deal of money when it succeeds in selling its shares to the public at a very high, premium price.

In the case of a properly managed, well established company, its profits are usually reasonable enough. Its profit figures from one year to another are relatively stable. However, at any given time its shares on the Securities Exchange may be sold at widely varying prices. Therefore, it often happens that the price of a share has no relationship to the true condition of the company.

At present share prices are declining. Does this mean that company profits will also decline? No. Therefore, if the current purchase price of a share is very low but the share gives the owner a right to relatively constant and high company profits and the profits are distributed when the price of a share is very low, the return on the capital invested in the share involved will be very high. This is what is called the earnings yield ratio. For certain investor groups, this indicator is very important. Is that the situation now?

On the basis of profit figures for the middle of 1991, calculated at an annual rate, and also on the basis of share prices as of 20 December 1991 and if we include companies whose earnings yield ratio is higher than 14 percent, this is the situation. One company has an earnings yield ratio of 56.27 percent, five have a ratio of more than 30 percent, 15 are above 20 percent, three are above 19 percent, two are above 17 percent, two are above 16 percent, and four are above 14 percent. So there are such companies. However, although share prices have been declining, only 37 out of 140 companies, or about 26.4 percent, have a yield of more than 14 percent. They provide high yields because their profits are only average, while their share prices have fallen to an unusual extent.

As we approach the end of 1991, how many share prices have fallen? We will take the difference between the average prices on 10 and 20 December 1991. We will multiply this difference times the number of shares already issued and in public hands. We will ignore those based on partial and company listings. As of 10 December 1991 the total loss for all companies listed on the BEJ was 4,182,675,754,465 rupiahs and on 20 December 1991 the losses amounted to 3,998,545,569,265 rupiahs. This means that share prices rose between 10 and 20 December. Is this a cause for rejoicing? No, because it is always that way at the end of the year. This is because there is a practice or convention or practice among our accountants that the prices of shares held by a company (many shares are owned by pension funds and insurance companies) must always be compared with the price/earnings ratio. Furthermore, on 31 December of every year the price must also be compared to the lowest sales price or the price/earnings ratio. If the difference is a negative figure, it must be entered on the books as a loss and vice versa in the case

of a profit. Consider the cumulative losses which must be absorbed for 1990 and 1991. So that the extent of the loss will not be too great, share prices are artificially raised at the end of every year. Therefore, the increase is only apparent, and if there are no other factors present at the beginning of 1992, share prices will decline again. Prices can continue to rise if psychological conditions change because of changes in the management of the BEJ or Bapepam. If we look at all increases in security prices which took place between 10 and 20 December 1991, these occurred because prices were artificially raised to reduce losses. The results are not great, amounting to 184,130,175,200 rupiahs, or only 4.0 percent of the initial losses.

Let us return to some shares which are attractive to buy. Is this really true? It is not clear, because the figures which I mentioned just now are still approximate. So this matter needs to be studied in greater detail to determine whether the initial loss figures and the figures in the balance sheet make sense. We also need to include in the calculation all other figures. And last but not least we need to consider whether there is any indication that in practice a majority of the former shareholders really wanted to make money or not. What is the use of high profits if they are later spent by the company itself for its private interests through various kinds of financial and commercial maneuvers? What is the use of high profits if the majority of shareholders show by their behavior that they do not want to distribute dividends proportionate to the profits which the company has made?

All of this needs to be studied in a detailed way before deciding to buy shares. All of this is only relevant if you buy shares to earn dividends every year. However, if you only want to make capital gains, do not pay any attention to these figures. Just consider whether share prices will rise or not and base your decision on your feelings or even your convictions. There are many investors who act in this way for this kind of reason. Among those who act in this way is a large number of foreign investors who are automatically regarded by most of our people as being more clever. However, when they lose money, because prices decline, a number of excuses are sought. They blame the BEJ management for not being straightforward and company management for not being honest and so forth. In this connection when they bought shares, they were warned by a number of Indonesians, and at that time the condition of the BEJ was more confused than when they lost money recently.

We often talk about openness. What is meant by openness? Does it not refer to information made public by public accountants who really understand what detailed information needs to be provided to the public? No. Public accountants have a professional kind of language. This language needs to be translated into the language of public investors. For this purpose a great deal of professional analysis is needed which dares to provide information obtained from asking questions. For this analysis the amount of information needed is really minimal, and how detailed it needs to be also depends on a minimum

amount of detail on the true situation and conditions. A joint and very productive effort between Bapepam and the board of directors of the Jakarta Securities Exchange involves increasing the ability of brokers to analyze available financial reports and information so that they can provide information which is very much needed by investors among the general public.

At the present time I am not in fact too much concerned about the technical quality of financial reports, provided that they are available often enough, that is, at least once every three months. And they must be available no longer than 10 days after the end of the period involved. If the contents and format of the reports are misleading or confusing, an analysis will show how financial reports are misleading or confusing. The market mechanism will function in this way. Companies issuing securities may do whatever they wish. The analysts can also do what they wish, provided that the facts and sources used by the issuing company are available. Will the company issuing the stock be annoyed? This is where the problem lies. Based on a large number of conversations which I have had with experts who can analyze financial reports, I have the impression that, on the whole, they are capable of understanding a number of financial tricks and devices which harm the interests of the people as a whole. However, they cannot provide information on what is going on, because the substance of such matters more or less depends on the companies issuing the securities. As a result, they are afraid of saying what they know. Furthermore, the culture of fear and of private interests is a problem for us. It is not a matter of their technical abilities. There are only a few such cases, and the substance of their information is derived from the companies issuing the securities.

The breakthrough takes place when there are young and wealthy people among our readers who are prepared to sacrifice their own interests for the public interest by analyzing what is going on. Is not your life safer when you do not depend on anyone else? Set aside one to three billion rupiahs for your own, independent life and serve the people by presenting the status and condition of a company as they really are. You will have your own sense of satisfaction which is no less noble than if your life were sacrificed to go into business.

Since the end of 1990, but also as of 31 December 1991, there have been many pension funds and insurance companies owned by the state or associated with BUMN [State Owned Companies Board] which can show figures on very large book losses in their securities transactions on the Jakarta Stock Market. These losses deceive many state employees and members of the Indonesian Armed Forces. What about these figures and who is responsible for them? I ask Parliament to follow up and investigate them. Action by Parliament is very much needed because recently there has been a rather substantial campaign urging pension funds and insurance companies to engage actively in purchasing securities on the Jakarta Stock Exchange. That may be reasonable. However, first it must be shown and defended in a clear and

open way who all of these people are and who will profit and who will lose. Then it should be shown how large the losses will be. This involves the future of how many million state employees and members of the Indonesian Armed Forces? Is it not necessary to pay attention to their funds which are being manipulated?

Finally, regarding artificially raising share prices at the end of the year. Is not this kind of action essentially criminal? Marzuki Usman has repeatedly stated that securities transactions which clearly are intended to influence share prices are in violation of the law. The matter of violating the law cannot involve simply mentioning the violation of what article of what law. However, it is relatively easy to know whether efforts

are being made to increase prices artificially or not. A sharp increase in the price of shares should be looked at in terms of how large a volume of such shares is involved. If the volume of shares which increase in price is only relatively small, this is an indication that the price is being raised artificially. Then an investigation should be made of who carried out such transactions during the period between 1 and 24 December (the last business day of the year) and whether they were involved or had an interest in the increase in the share price to improve the balance sheet. In this way a picture can be obtained of who artificially raised the prices of which shares and why they felt it necessary to raise them.

Ramos, Mitra Actions After LDP Convention Viewed

92SE0101B Manila BALITA in Tagalog 4 Dec 91
pp 4, 5

[Article by Blas F. Ople]

[Text] The fine manner of Secretary Fidel Ramos was highly commendable when he accepted defeat at the LDP (Struggle of Philippine Democrats) convention and congratulated Speaker Ramon V. Mitra on his victory. However, on the next day, Ramos ate his own words and ordered his followers in the LDP to strengthen their rank and file because he wants to proceed with his candidacy.

Ramos has also asked for documentation of what he thinks are cheating and threatening tactics used by Mitra's group to win in the convention. Ramos is looking for a basis to invalidate the convention results and perhaps, to break up the LDP, if need be, for the sake of his own ambitions.

There are many Ramos admirers who will change their minds about him. By disregarding the decision and counsel of his own party co-members, Ramos has shown that he is no different from the typical politicians who do not honor their own words. Ramos and Mitra both promised that whoever would lose should not turn his back on the party and should wholeheartedly respect the results of the convention.

It is clear that Ramos changed his mind after a conference with President Aquino and her brother, Representative Josh "Peping" Cojuangco. There is no doubt that Ramos was influenced into disregarding the judgment of the convention. President Aquino's statement that Mitra must prove his "electability" before the palace gives him its blessing is also a form of deceit. There is no doubt that the president is meddling on Ramos' side in the LDP convention, and now it appears that it is not only Ramos, but rather also the president that the party is denying.

Perhaps, it also does not sit well with Speaker Mitra that Malacanang continues to belittle him. As to how to use the NALGU and BALGU funds for the Ramos delegates, it will create sympathy for Mitra; the continuous disparagement of the speaker will certainly cause widespread empathy among many people. The convention results also testify to the fact that our president has long been devoid of charm even among her party members.

Maybe, in this case, Mitra will become the charm or magnet of the people, especially of those who have become frustrated with President Aquino and her close relatives. If this is the case, Mitra might attract to his banner some opposition factions that will strengthen his candidacy.

Nacionalista Party Preparing To Face LDP

92SE0101A Manila BALITA in Tagalog 4 Dec 91
pp 1, 2

[Article by Bert De Guzman]

[Text] Yesterday, the congressmen and the political leaders of the Nacionalista Party-Cojuangco Wing announced the party is now quite ready to face Speaker Ramon Mitra, Jr., the chosen standard-bearer of the Struggle of Philippine Democrats, LDP, in the election to be held on 11 May 1992.

The current leader of the NP-Cojuangco Wing is the former Rizal Governor Isidro Rodriguez. However, the certain standard-bearer is businessman Eduardo Cojuangco, Jr., a full cousin of President Aquino.

Under the leadership of House Minority Floor Leader Salvador Escudero, a staunch supporter of Cojuangco for the Presidency, the congressmen and political leaders stated that six more representatives, all LDP's, are ready to break away from the party next week.

When Escudero was asked the names of the six LDP solons who will break away from the party, the Sorsogon legislator simply smiled, saying, "I won't disclose them to you yet. Let's let Speaker Mitra first celebrate his victory over Secretary Fidel Ramos."

According to Escudero, the Mitra camp will certainly be shocked at the breaking away of the said six solons because some of them are indeed very close to Mitra.

Escudero also stated that the opposition has been preparing for the 11 May 1992 elections in order to enable the staunchest and strongest candidate of the administration who is no other than the incumbent president, Mrs. Aquino, to face the opposing candidate.

Escudero admits that the NP-Cojuangco Wing has a big chance of defeating Mitra in the coming election.

Commentary Discusses Mitra's Future

92SE0101C Manila BALITA in Tagalog 3 Dec 91
pp 4, 5

[Text] Now that there is no more doubt that Speaker Mitra is the leader of his party, it will be necessary for him to face the main problems of a presidential aspirant who wants to win.

Now he must study and learn about Doy Laurel's background and experience. If the Nacionalista Party were not divided into three factions (Danding, Doy, and Enrile), Laurel would have a big chance of winning the election. The first result of this is the opposition among the voters next year.

And Mitra has seen that his candidacy became suddenly stronger after Peping Cojuangco and Cory Aquino sided with Ramos. A backlash resulted. The LDP (Struggle of

Philippine Democrats) delegates pitied Mitra when it appeared that the palace giants were against him.

Mitra is lucky that Ninoy's brothers side with his crusade. Thus, in the final analysis, Butz Aquino might just be his vice-presidential choice. And, in addition to that, Butz is not a bad politician at all.

Butz was second only to the great Salonga in the last senatorial election, and in no way has his name (Butz) been dragged into any scandal.

If General Ramos agrees to be the Senate slate leader of Mitra, then this will be a big thing for the LDP. Unity will be preserved, and the healing presidency that Mitra promises will have a brilliant start.

If Ramos breaks away, enduring the LDP intrigues and the failure of his own (Mitra's) diplomacy, Mitra might be shocked. However, it is true that Mitra's present ratings in the eyes of the general public are moving upwards "towards the sky."

Nevertheless, the presidential race is different. This is the highest kind of barometer in measuring the worth of a leader. And there were many who had their feet caught in it—Yulo, Manahan, Manglapus, Sergio Osmena, Jr.

And Mitra needs a program that focuses on the youths. They are the future. And the youths of today (between the ages of 18 and 35) will be the majority of the voters.

The youths will create a kind of leader in their own image. Everybody knows Mitra's record on civil liberties. He was imprisoned during the years of fascism. Mitra also understands the life of the farmers, of the workers, and of the oppressed. Mitra carries in his heart the hardships and sufferings of the poor and the small people. Mitra knows that it is only through education that a person can rise above hardships and oppression.

Hence, it is indeed necessary that Mitra deliver his calls for the healing presidency to the majority. Mitra must send his message not only to the rich, whose properties had been seized, but also to one and all; he must pay attention to the masses and show them that he hears their supplications and complaints.

The problems of the Philippines will multiply: jobless workers, organized crime, drugs, an inferior educational system, corruption in government, police hooliganism, divisions within the army, social imbalances, stupid priorities in the promotion of the arts and letters. The debt of the racketeers to foreign banks is gigantic.

All of this must be faced by Mitra. He must have options to choose from concerning the principal problems of the country.

Trade With Israel Called Gateway to U.S.

92SE0107C Bangkok *SIAM RAT THURAKIT* in Thai
21 Oct 91 pp 7, 8

[Excerpt] [passage omitted] Mr. Sinthon Kanthawon, the acting commercial attache in Rome, said that trade between Thailand and Israel is now increasing at a very rapid rate. This is because Thailand is using Israel as an important gateway in exporting goods to the European Community and the United States. This is because Israel has a trade agreement with these countries that allows it to trade freely with them. Thus, Israel is now importing large quantities of raw materials and semi-finished products from Thailand. And it is exporting large quantities of raw materials to Thailand. Thailand uses these raw materials to produce semi-finished goods and then exports them back to Israel, which turns them into finished products for export. This is because labor costs here are lower than in other countries.

As for the growth rate during 1991, during the first six months of the year, Thailand exported goods worth 1.57 billion baht to Israel, which is a 14 percent increase as compared with the first six months of 1990. And it is thought that trade between Thailand and Israel will increase at an even higher rate during the final six months of the year. This is because the Israeli Government has implemented a policy of opening its markets as free trade markets, and it has done away with its trade protectionist measures. As a result, Thailand can now export more goods to Israel.

Mr. Sinthon said that the goods that are popular in Israel and that can be exported there in greater quantities include gemstones, rice, cassava products, canned food, vegetables and fruits, rubber products, toys, jewelry, and souvenirs. Now that the Israeli Government has opened up Israel's markets, it's thought that trade between Israel and Thailand will increase even more.

Official Discusses Copyright Law Changes

92SE0111B Bangkok *BAN MUANG* in Thai 29 Oct 91
pp 1, 16

[Excerpts] [passage omitted] At a seminar on "Copyright Laws and the Promulgation of Laws to Protect Copyrights," Mr. Yanyong Phuangrat, the deputy director-general of the Department of Business Economics, said that during the GATT talks on intellectual property held in Geneva, several agreements were reached on copyright issues. The only issue left is the matter of computer software. It has not yet been agreed what type of copyright protection computer software will come under.

Mr. Yanyong said that at the GATT talks, if it is agreed that computer software is a type of literary work as the United States wants, this will mean that countries will have to protect these copyrights throughout the life of the owner of the copyright and for 50 years after that. And it is thought that this will afford retroactive protection to the owners of copyrighted software that was produced before this agreement was reached.

Mr. Yanyong said that in the negotiations on intellectual property, many countries oppose the demands being made by the United States. That includes Thailand, Brazil, Argentina, China, South Korea, and India. It is thought that a definite decision will be reached during the talks scheduled for November.

As for Thailand, the Royal Decree Committee has construed computer software to be a type of scientific work. The subcommittee to revise the copyright law is considering the length of time that such copyrights will be protected. It has been proposed that these copyrights should be protected for 25 years starting from the day that a program is designed. But if software is constructed to be a non-literary work, protection will run for 50 years from the date the program is designed.

Mr. Yanyong said that legal scholars have suggested that the copyright period for computer software should be based on the type of work. That is, if it is a program for a personal computer, the copyright period should be 15 years. The period should be 20 years for minicomputers and 25 years for mainframe computers. But it probably won't be possible to implement this proposal, because today, computer software can be used with all three types of computers. In any event, before this law is revised, we will have to wait and see what the results of the GATT talks are.

As for laws that deal with copyright violations, today, two things are being done. Civil action is being taken in order to win damages and prevent violators from violating the copyrights again. Also, criminal charges are being filed in order to punish the violators and prevent them from violating copyrights again. Besides this, it has been proposed that point of entry and exit measures be used under the Import-Export Act of the Ministry of Commerce. [passage omitted]

Mr. Yanyong also discussed the implementation of laws in accord with the Berne Convention. There is confusion about whether this should be construed to mean "national treatment," which means that Thailand would have to afford protection to people in other countries just like it does to people in Thailand, or "compensatory treatment," which means that Thailand would have to afford the same protection to other countries that they afford to Thailand. It is thought that the principle of national treatment should be used, because the laws of each country are based on different standards. All countries cannot have laws that afford exactly the same protection. The agreement in the Berne Convention is just a minimum measure that requires all countries to afford some protection. [passage omitted]

Economist Argues Case on Patent Bill

92SE0126A Bangkok *BANGKOK POST* in English
26 Dec 91 p 4

[Article by Aphisit Wechachiwa]

[Text] At present, the Patent Bill is in its second reading and amendments can still be made. Indeed, later in the

week, Thai academics who are experts on the matter are making a request to meet the scrutinizing committee to explain their stand and ask the committee to make changes to the Bill which they think are desirable. There is no doubt that these changes will be in the opposite direction to those requested by the US government.

The difference boils down to the fact that the US wants a strong patent law, one which will benefit licensees, which in this case are US companies. Most developing countries have a weak law to protect their consumers from the possible abuse of monopoly power granted by a patent. The two sides are trying to reach an agreement in the Uruguay Round but there is still uncertainty as to when those talks will be concluded.

The US government, meanwhile, has decided to use bilateral measures to force countries to change their laws which would be stronger than what would be agreed in a multilateral forum. So far, it has been successful and that success looks like being repeated in Thailand.

The reason for its success here is that, despite much opposition to the new law, the Government does not seem to recognize the viewpoint of the opposition but instead has adopted a similar view to the US government under the belief that Thailand is now in the same position as industrial countries to take advantage of a strong patent law, a fact disputed by almost all academics.

Given that the Bill has passed its first reading and resistance to US pressure is not easy, academics are now seeking to amend the Bill to limit the possible damage to consumer interest especially as the new law will allow pharmaceutical products to be patented. Their main points of contention can be summarized as follows.

First, the grace period should be four years and not 180 days as currently written. This is because there are numerous measures which need to be implemented to limit the possible damages caused by the law. The Public Health Ministry had said that it would need this period to undertake measures which would help contain the monopoly power of pharmaceutical companies such as passing a law to ensure that the generic drug name is used instead of a trademark name.

At the same time, the four-year period would give the Government time to improve upon the weak consumer protection and anti-trust provisions and the inadequate social welfare system. Even the Commerce Ministry and the Justice Ministry need time to build up expertise in the field of intellectual property to ensure that the country can benefit from technology transfer and that the law can be properly enforced.

Furthermore, the four-year grace period is even shorter than the guideline laid down by GATT and WIPO [World Intellectual Property Organization]. Canada, which by all accounts is much more developed than

Thailand, also had a four-year grace period in its new law and that was acceptable to the US government.

Secondly, the Deputy Commerce Minister had insisted that patent could only be granted to new chemical entities but this is not explicitly written in the Bill. If this could be done, then patents could not be granted to new indication, new combination and new delivery system. This would indeed be beneficial to consumers as experience elsewhere shows that drug companies have applied for a patent for old products but not for new indications. The AIDS drug AZT is a case in point.

Thirdly, there should be a provision for the use of the parallel import measure, which would enable the country to import the product if production for the domestic market is not sufficient. This would be a strong consumer-protection measure and one which will be conducive to technology transfer. Again, the Canadian law has a similar provision.

There are numerous other points of less importance. But if the National Legislative Assembly would consider these three points, the academics concerned would be more than happy. The Government itself should look carefully into these points so that if these amendments are made, it can explain our position to the US government convincingly. The mistake in the past had been that the Government had not tried to do so and the Prime Minister missed another opportunity last week.

At the same time, some amendments must be resisted. The US request for transitional protection goes against the principle that patents should only be granted to new inventions, and the demand to make compulsory licensing more difficult to use would go against consumer interest and is not suitable for Thailand at present. There is also a move to scrap the Price Review Board which would also weaken the safeguard for consumers and thus should also be resisted.

Minister Phaichit Comments on GATT Issues

92SE0107B Bangkok NAE0 NA (LOK THURAKIT SUPPLEMENT) in Thai 27 Nov 91 pp 7, 9

[Excerpt] Mr. Phaichit Uathawikun, the minister attached to the Office of the Prime Minister, said that the Ministry of Commerce will soon ask the cabinet to approve Thailand's position at the GATT negotiations to be held in Brussels, Belgium, in December. The purpose of this is to ensure that Thailand has a clearer position during this round of talks. But this depends on which issues the Ministry of Commerce submits to the cabinet for consideration.

One of the issues to be discussed at the GATT talks is the reduction in the agricultural goods supports of the European Community. Following last year's failure, many countries are trying to pressure the EC to reduce agricultural supports even more. There are indications that the EC may relax things. However, France, which is

one of the members of the EC, is still taking a hard-line position on reducing agricultural supports.

Mr. Phaichit said that Thailand has very few agricultural goods supports. Besides the agricultural problems to be discussed during the GATT talks, Thailand is also interested in the textile issue. Thailand is interested in what the results of the talks will be. Thailand must give attention to the views of other countries on this issue so that Thailand's negotiations have greater weight.

As for the intellectual property issue, which includes the problem of computer software, Thailand hopes that this round of GATT talks will produce results so that steps can be taken to revise things in line with GATT instead of revising things on a bilateral basis. Thailand is a small country. If revisions are made, this could put us at a disadvantage.

Mr. Phaichit said that on 26 November, the committee in charge of selecting an engineering company to build a second international airport (Nong Ngu Hao) held a meeting. Those attending the meeting discussed the criteria to be used in evaluating and selecting companies. One of the criteria is choosing the middle price. Otherwise, we won't have any criteria during the negotiations. Data from abroad will be used to make comparisons. [passage omitted]

Minister Plans Countermeasures to VAT Price Hikes

92SE0107A Bangkok MATICHON in Thai 28 Nov 91 p 5

[Text] Mr. Amaret Sila-on, the minister of commerce, made a statement following a meeting of the committee that is monitoring prices during the change from a trade tax system to a value added tax [VAT]. Those at the meeting stipulated three measures. [1] The Department of Business Economics must monitor prices and the movement of 238 types of goods and regularly send reports to the committee. [2] The Department of Internal Trade and the Revenue Department must compile a list of 75 goods and compare prices before and after the change in the tax system. They must propose ways to monitor things to ensure that people do not raise prices during this period. [3] The Department of Internal Trade must keep the people informed.

Mr. Amaret said that with respect to Point 2, a public relations subcommittee will be formed to provide data to producers, businessmen, and consumers so that they understand the effects of this. The Revenue Department will establish a data center to keep businessmen informed. As for Point 3, that is, measures to monitor goods, this will be divided into two sections. The center will implement measures before any adjustments are made. Public relations activities will be carried on concerning the effects, and a list of 48 types of goods will be prepared for Bangkok and the surrounding provinces. The structure of the essential types of goods will be studied, and producers will be asked to come discuss

things so that prices can be adjusted as stipulated by officials. Producers and importers of 40 types of goods will be required to give advance notice of their intention to adjust prices. Besides this, producers and importers will have to show why it is necessary for them to raise prices. Officials will regularly be sent to check prices. If they find that someone has committed a violation, they will be dealt with according to the law. For example, price controls will be implemented.

Mr. Amaret said that in the provinces, provincial commercial meetings will be held in order to foster understanding. The Department of Internal Trade will announce wholesale and retail prices and keep the provinces informed about the stipulations on the prices of main types of goods. Also, a data center will be set up to keep the people informed and to foster understanding among the wholesalers and retailers in the provinces so that they do not take this opportunity to raise prices. Weekly reports must be sent to Bangkok beginning 1 December.

Commerce To Shift Overseas Trade Centers

92SE0111C Bangkok NAE0 NA (LOK THURAKIT SUPPLEMENT) in Thai 25 Oct 91 p 7

[Text] In his capacity as chairman of the Economic Activities Selection Committee, Mr. Sano Unakun, the deputy prime minister, announced the results of the meeting held on 24 October. He said that the commerce ministry's proposal to remove the trade centers from Madrid, Spain, and Canton, China, has been approved. Instead, new centers will be established in Barcelona, Spain, Ho Chi Minh City, Vietnam, and Guadalajara, Mexico.

As for why the trade centers will be removed from Madrid and Canton and set up in three other places, the Ministry of Commerce said that this is necessary because the world trade situation has changed. There is now greater competition on world trade markets. Thus, it is essential to implement aggressive trade measures in order to find new markets and expand and protect our present market share.

"The committee agreed with this, because the establishment of these three new trade centers is in line with today's international economic situation. That is, having a trade center in Ho Chi Minh City will support our policy of forging better economic relations with neighboring countries. This is one of the present government's main policies. Moreover, Ho Chi Minh City is a commercial and industrial center. And it is the important port in southern Vietnam and the second largest city in Vietnam after Hanoi.

"The trade center is being moved from Madrid to Barcelona, because we already have a commercial attache in Madrid. That is why the trade center should be moved to Barcelona, which is the second largest city in Spain after Madrid. And it is one of Spain's most important industrial port cities. Besides helping to

expand trade relations with Spain, this will also help us penetrate other European markets.

"As for establishing a trade center in Guadalajara, this is an important point in our trade policy for North America. Mexico is on the verge of signing an agreement with the United States that will create a free trade zone in North America. Thus, in order to maintain our market share in North America, we must establish trade relations with Mexico. Guadalajara is the second most important city in Mexico after Mexico City. It is an industrial and tourist center on Mexico's western coast. This city is encouraging foreign investment. After a North American free trade zone is announced, it is thought that many industries will move to Mexico, because goods produced in Mexico for the United States and Canada will receive special tariff rights. Thus, Thailand can invest there in order to produce goods for export to North America."

Commerce Set To Move on Antidumping Provisions

92SE0111A Bangkok MATICHON in Thai 23 Oct 91
p 4

[Excerpt] [passage omitted] A high-level news source in the Ministry of Commerce told MATICHON that the Ministry of Commerce established a work committee expert in the field of international trade law [to draft] an antidumping and exports support act. The committee has studied the laws of various countries, such as the United States, the EC countries, Japan, and Australia, as models. The committee has used American laws as the main model.

The news source said that the important contents of this law state that when industrial groups in the country complain that foreign goods are being dumped on our markets and there are export supports, the matter will be submitted to two committees for consideration. One of these is the committee to consider if there are export supports and if goods are being dumped. The chairman of this committee is the director-general of the Department of Business Economics. The other is the committee to consider the damages stemming from the dumping of goods. The chairman of this committee is the secretary general of the Office of Industrial Economics.

"These two committee will spend about three months investigating whether goods are being dumped on our markets, whether there are export supports, and whether this is harming our domestic industry. They will then submit their findings to the minister of commerce. If the dumping and export supports are in fact causing damage, the minister of commerce will submit the matter to the Ministry of Finance and Customs Department and ask them to impose tariffs on those goods. At the same time, there will be an appeals committee to consider matters if the other party feels that he is being treated unfairly," said the news source.

The news source said that the duties collected on such goods will go into the a fund, which will be monitored by a divisional-level office. The money will be used to collect and study trade protection data.

A final meeting on this draft act will be held this week. After that, it will be submitted to the minister of commerce for consideration, said the news source.

The news source from the ministry of commerce said that the ministry issued a temporary notice on measures to counter the unfair dumping of goods effective 9 October. Instructors from Chulalongkorn University have been hired to study this law. The draft act that will be promulgated will replace this ministerial notice. The scope of the monitoring and enforcement may be expanded.

EGAT Official States Case for Nuclear Power

92WP0111A Bangkok MATICHON in Thai 22 Nov 91
p 18

[Excerpts] [passage omitted] When one compares the amount of uranium needed to produce 1,000 megawatts of electricity with the amount of coal needed, one finds that it requires 7,000 tons of coal per month but only 2.4 tons of uranium.

In addition nuclear power plants help with the problem of having too much carbon dioxide in the atmosphere. At present there are 20 billion tons of carbon dioxide in the atmosphere, and the amount is steadily increasing because fuel is constantly being burned to produce electricity.

If a nuclear plant were built, it would help reduce the amount of carbon dioxide produced a great deal. [passage omitted]

The question now is whether Thailand is ready to accept a nuclear plant.

Mr. Suphin Panyamak, the director of public relations for the Electrical Generating Authority of Thailand [EGAT] made a noncommittal statement that the nuclear power plant project for Thailand still did not have a definite schedule. He just said that plans had been made for EGAT to build a new plant in the year 2001 which could generate 1,000 megawatts with an appropriate power source.

Mr. Suphin did not explain clearly what an "appropriate power source" might be or whether it would be a nuclear plant or not and so we must follow developments in the future.

In any case the Office for Peaceful Atomic Energy issued a document stating that according to EGAT's plans for increasing electrical generation, after 1996 Thailand would begin to be short of energy sources including both natural gas and lignite and would have to rely on foreign energy sources more and more. That would mean great expense because the world price of fuel would rise.

In addition according to EGAT's projections by the year 2001 Thailand would need four coal-fired electric plants and by the year 2006 Thailand might need an 8,800 megawatt coal-fired plant. These plants would release 57.2 million tons of carbon dioxide, 79,200 tons of sulfur dioxide and 39,600 tons of nitrogen oxide, which would cause pollution and acid rain dangerous for the people.

And this does not take into consideration the ash from burning 13,200 tons of coal which would also affect the environment.

These considerations might make it unavoidable for Thailand to turn to a nuclear power plant.

The Office for Peaceful Atomic Energy stated that if Thailand must build a nuclear power plant, the first thing it must do is to make preparations so that there are people with the knowledge and experience to build the plant according to safety standards and efficiently.

The Office for Peaceful Atomic Energy is preparing public servants to inspect the safety of the nuclear power plant on a continuing basis. They are relying on the experience gained in 30 years of the use of and research into nuclear reactors.

If there is a decision to build a nuclear power plant, the Office for Peaceful Atomic Energy is prepared to organize a unit to inspect the safety of the plant and to coordinate with the assistance provided by the International Atomic Energy Commission.

With regard to safety the Office for Peaceful Atomic Energy stated that the International Atomic Energy Commission had set strict safety standards for nuclear power plants for countries with such plants to follow covering everything from the choice of the location for the plant to the plans for the plant, the production of various parts for the machinery, the construction of the plant and the operation of the plant. If Thailand followed these rules, the plant would be very safe.

The various accidents at nuclear plants were generally just routine problems. However the accident at the Chernobyl nuclear plant in Russia severely frightened the people of the world.

The Office for Peaceful Atomic Energy said that this accident was not the result of routine operation of the equipment but of an experiment within the plant which involved deliberately shutting off the entire safety system in violation of existing safety regulations. Meanwhile the Chernobyl plant had design faults which caused the accident. Even so if the regulations had been strictly followed, the chance of an accident happening would have been extremely small.

Even though the Office for Peaceful Atomic Energy is quite confident about the safety of nuclear plants, nevertheless if Thailand must decide whether to build a nuclear plant or not it should study the matter in detail and get the opinion of the Thai people throughout the country to see whether they agree or not.

In addition all the data involved should be made public in detail, both the advantages and disadvantages, to help in making the decision whether Thailand should have a nuclear plant or not.

If the data is not clear or is ambiguous, it would not be appropriate to put the lives of a great many Thai people at risk with this nuclear plant!

Columnist Notes Tax Dodging, Fake Goods Linkage

92SE0107D Bangkok DAILY NEWS in Thai 29 Nov 91
p 5

[Column by Chai-ari: "Merchants and Counterfeit Goods"]

[Excerpts] I have already expressed my views on the value added tax issue, about which I have a smattering of knowledge. I have called on the unit directly responsible, that is, the Revenue Department, to provide people such as myself, who don't know much about this, with more information about this. [passage omitted]

Selfish merchants and financiers who used to "dodge paying taxes" by "buying favors" from officials, won't be able to avoid paying taxes after this system is implemented. [passage omitted]

Today, these selfish merchants are quietly protesting by keeping goods in inventory. They have found a new way to avoid paying taxes. That is, they are cooperating with the producers of fake goods, or imitation goods. These criminals have set up factories to produce fake goods, which are shipped to agents at provincial markets.

These criminals contact lower level markets to see which types of goods are selling well. They ask about necessary consumer goods such as soap, toothpaste, laundry detergent, tonic drinks, and various sundry items. They then produce fakes of the goods that are selling well and send the goods to large and small agents in both the cities and rural areas, selling them at prices far below the cost of the real goods.

They earn a huge profit and don't have to worry about paying taxes to the state. This is very tempting to dishonest merchants, who are relying on Thailand to make a living without paying taxes to the state. These fake goods gangs have invaded the markets everywhere.

This is a very favorable time for these criminal groups to rake in profits. This is because merchants are not ordering goods from the major companies out of fear that they will have to pay a value added tax. Instead, they obtain illegal goods from the producers of fake goods and sell them instead. Such goods are being sold everywhere now. I don't know whether the units responsible have received any information about this. And who is directly responsible for this?

All I know is that police officials from the Suppression Division have arrested some people on charges of producing fake goods after receiving complaints from the owners of those brands of goods. The policy of the Ministry of Interior is to monitor things and protect the interests of the people from these criminal gangs, which are thought to pose a serious "threat" to society.

But even though the police have arrested people, it appears that these criminals have their own connections, with the result that little can be done. All that officials can do is to monitor their activities.

Thus, I would like to ask Police Major General Sombat Amonwiwat, the head of the Police Special Action Unit, to arrest those who try to avoid paying the value added tax by ordering and selling fake goods, which is widespread today. That would teach these traitorous merchants a lesson.

Tobacco Monopoly Head Assesses Impact of Imports

92SE0112A Bangkok NAEO NA in Thai 24 Oct 91 p 6

[Exclusive interview with Director, Thailand Tobacco Monopoly Lieutenant General Panya Khwanyu by NAEO NA; date and place not given]

[Text] Foreign cigarettes are now being imported into Thailand based on the GATT decision to uphold the principle of free trade, which is something that Thailand cannot reject. But even before this, based on various reports, it seemed unlikely that foreign cigarettes would have an "easy time" on Thai markets, which is different from what has happened in other countries. This is because the opposition to this is rather strong here. This includes the groups that oppose the use of tobacco and the tobacco plants that have long dominated the market here. Now, although foreign brands of cigarettes have been available on the market here for about two months, the opposition to this continues.

The following are the views of Lieutenant General Panya Khwanyu, the director of the Thailand Tobacco Monopoly, on this matter.

[NAEO NA] How great an effect has the sale of foreign cigarettes had on domestic producers and consumers?

[Panya] I don't oppose the import of foreign cigarettes, because that is in accord with the government's policy and it is in accord with the GATT resolution, which wants cigarettes to be traded freely. The Thailand Tobacco Monopoly (TTM) will be glad to adhere to this policy. But personally, I don't think that this will stop the smuggling of cigarettes. To date, cigarettes are still being smuggled into the country, and they are being smuggled in in even greater quantities than before. This is what concerns me. It is the excise and customs departments that are responsible for suppressing this. They must formulate resolute measures. The TTM has been providing help, such as by offering rewards for the arrest of

the smugglers. But the people responsible must take action and solve this problem.

One clear result of this is the matter of setting retail prices. Today, the price of some brands of foreign cigarettes that are being sold here is cheaper than it should be. The retail price of Lucky Strike cigarettes, for example, is 25 baht per pack, and 555 cigarettes are selling for 28 baht per pack. The CIF price at Bangkok is at least eight baht, and so those prices are very low. The TTM raised this issue at the last meeting of the executive committee held at the end of last month. The board resolved to submit this matter to the units concerned for consideration. Because if they set the price low, the tax will be a lower. Taxes are collected based on the sales price. That is, the Revenue Department collects 50 percent, and the Customs Department collects 30 percent. Thus, they are selling their cigarettes at a low price. That takes market share away from us. We want the Ministry of Commerce or the Customs Department to consider this matter again.

Another problem is that the Ministry of Public Health has drafted a tobacco consumers protection act, but this act has not yet been promulgated. I have tried to have this enacted as soon as possible, because this act prohibits the sale of cigarettes to youths below the age of 16. It also prohibits the sale of cigarettes from vending machines, and it requires warning labels and prohibits advertising. But because this act has not yet gone into effect, people are violating our laws. For example, they use a variety of methods to advertise their cigarettes. Today, it's impossible to separate sponsor from advertiser. Sponsor refers to someone who gives money to support something, such as things that are given with the compliments of a tobacco company or R.J. Reynolds. That's all right. But if things are given with the compliments of Lucky Strike cigarettes or Marlboro cigarettes, that's wrong. That is a form of advertising. Thus, the law must be very clear.

This law has not yet gone into effect and so nothing can be done. The Excise Department has issued a notice, but I don't know if this can be used to punish foreign cigarettes manufacturers, because that is a unilateral notice issued by Thailand. In any event, since Thailand began importing foreign cigarettes, this has had some effect on domestic cigarettes. But I don't know what the exact figures are, because it has only been a little over a month. We will have to wait and see what the figures for the first three months are.

[NAEO NA] Is the price gap one of the factors that has led to cigarette smuggling?

[Panya] Yes, it is. For example, cigarettes on which the duty has been paid may sell for 35-40 baht per pack, but the same brand of cigarettes that have been smuggled into the country may sell for only 25-30 baht per pack. As a result, the smugglers can easily sell their cigarettes. But another reason for the large inflow of contraband cigarettes today is that now that goods are being

imported freely, officials are not as strict as they should be. Today, they don't think about whether the cigarettes for sale at the markets are contraband cigarettes. Who is going to check to see if a stamp has been affixed? The police seem to feel that these cigarettes are legal goods.

[NAEO NA] Some foreign cigarette manufactures are using various stratagems, such as paying high commissions to their agents. What do you think about this, and what will you do to counter this?

[Panya] I view this as an indirect form of advertising. In principle, this is forbidden. But because we haven't yet enacted a law, we can't stop them. Another thing is that they still put advertisements on their cigarette packs, such as queen favor or special filter tips. In the past, we did the same thing, but after the Consumer Protection Committee prohibited this, we stopped doing that. But today, foreign cigarette manufacturers still use such tactics. The TTM will maintain present prices in line with our present philosophy, except for new products. As for distribution, we will keep the markets fully supplied and not allow shortages to arise again. Besides this, we will improve quality. For example, people have said that Sai Fon brand cigarettes do not contain equal amounts of menthol. We will take steps to correct this. As for Krong Thip cigarettes, we will take steps to improve the taste and keep the tobacco from irritating the throat. We will upgrade our equipment so that we can produce enough cigarettes to meet demand. By implementing these measures, I think that we will be able to compete with foreign brands.

[NAEO NA] Are the foreign cigarettes now being sold here being dumped on our markets?

[Panya] I have objections to only two brands, the Lucky Strike and 555 brands, because they are being sold below fair market value. As for those that are selling for 35-40 baht, I have no objection, because that is a different market. As for selling cigarettes below fair market value, the TTM has studied this matter and is preparing to inform the Ministry of Commerce. It probably won't take too long to study this. By charging low prices or flooding the market by offering complementary gifts, they are taking market share away from us. We will raise this issue. The board has already discussed this, and it agrees.

[NAEO NA] How much do you plan to earn for the Ministry of Finance this year?

[Panya] In fiscal year 1991, the TTM sent a total of 17.2 billion baht in taxes to the Ministry of Finance. In fiscal 1992, it is thought that we will send about the same. In the past, our growth rate has averaged only about one to two percent. But total sales have increased, because people have turned to smoking better quality cigarettes. Instead of smoking ordinary cigarettes, people have turned to smoking filter tipped cigarettes, which are more expensive. As a result, the taxes sent to the state have increased, because the tax is based on the sales price.

[NAEO NA] What do you think the sales growth rate will be now that foreign cigarettes are being sold here freely?

[Panya] It must be admitted that it is difficult for smokers to give up cigarettes. As long as there is a demand, there will be a supply. Look at me. Many people have asked the TTM to cut back production, but I think that that would ruin our business. Because if the TTM stops producing cigarettes but people still want to smoke, they will simply buy foreign cigarettes instead. That would be even worse, right? The state would lose revenues. But this is an important issue that the TTM will have to consider, because we do not produce just cigarettes. Our duty is to earn revenues for the state, and we have to take care of the 580,000 families that grow tobacco. Without the TTM, how would these people earn a living? Who will take care of them? And if we go out of business, money will flow out of the country. These farmers will be out of work, because they won't have anyone to sell their tobacco to. Today, the TTM is taking care of them. I am working for the government. People can do things based on their ideals. Everyone can go their own way. We shouldn't interfere. That is the best way. The consumer growth rate depends on views of the people here. If people want to stop smoking, they can do so. I have told the executive committee that I will not force people to smoke cigarettes. My policy, or strategy, has changed. People are trying to reduce cigarette sales, but my duty is to earn revenues for the state. Today, I am looking for foreign markets in order to increase revenues for the state and protect the tobacco growers. We have already begun by trying to obtain markets in Burma, Brunei, Cambodia, and the United States. Our sales target this year is 10 million cigarettes. We have also contacted markets in the Middle East. I think that will be able to compete effectively. In Brunei, for example, our Krong Thip cigarettes are still more expensive than Marlboro cigarettes. But ours are still selling well. Marlboro cigarettes sell for \$1.50, but our cigarettes that are smuggled in sell for \$2.00. If we exported them at production cost, they would sell for only 8 baht. It would be easy to sell them. Once the government permits free trade, we will definitely be able to sell to them.

[NAEO NA] Some groups have suggested that the state increase the tax from 55 percent to 100 or 200 percent in order to reduce cigarette consumption. What do you think about this?

[Panya] I am strongly opposed to this, because that would be tantamount to shifting the burden onto the consumer. And it would enable foreign brands of cigarettes to seize a greater market share. This is because other countries have an advantage with respect to production costs and marketing. Thus, they would not increase their prices very much. But the price of our cigarettes would increase from 15 baht to 45 baht if the tax was increased 100 percent. Thus, prices would be different. The final result would be that the TTM would have to cease operations.

[NAEO NA] How large a market share will foreign cigarettes get this year?

[Panya] During their first year of sales, I think that foreign brands will get a five to 10 percent share of the market. Looking at the growth, this will probably be different from on the markets in Taiwan, Hong Kong, and Korea. This is because the economic situations of

our countries are different. Those are industrial countries. Their workers are paid high wages. But most smokers here are lower-middle class people with low incomes. They have to save on expenses whenever possible. Thus, I think that growth will be slow. I don't think there will be a fast spurt as in those countries. But we must soon implement a law to prohibit advertisements. Unless we take action soon, they will use various stratagems, such as giving free gifts as inducements.

POLITICAL

Renovation in Cadre Work, Management Mechanism

922E0071A Hanoi NHAN DAN in Vietnamese
20 November 1991 p 3

[Article by Le Huyen Thong: "Nguyen Van Linh on Renovating the Cadre Work Accompanied by Renovating the Management Mechanism"]

[Text] Recently Comrade Nguyen Van Linh, adviser to the CPV [Communist Party of Vietnam] Central Committee, set aside time to study the experiences of some state economic units in renovating management. They included the Chien Thang Aquatic Products Corporation, the first unit to have experience in renovating the activity of the basic party organization in parallel with renovating the enterprise management mechanism.

The unit, formed in July 1975, at first took the name "Chien Thang State Fishing Enterprise" and was located in Ho Chi Minh City. During six years of operation the enterprise operated with chronic deficits. In 1980 the enterprise was consolidated but still did not achieve efficiency because it had not escaped from the subsidy mechanism. It changed over from specializing in catching fish to also raising fish and shrimp. The enterprise was still confused and the more it increased production the more its deficit grew. Many people recommended that the enterprise be dissolved.

Beginning in 1984, after the director was replaced, the cadre staff was shaped up, and the situation was evaluated and the reasons were clarified, the enterprise boldly took steps to overcome its difficulties. First of all, it reoriented itself to combined business operations in accord with the slogan, "Use the shore to nourish the sea and the sea to nourish the shore." That means combining the exploitation of aquatic products with processing and services, to produce consumer goods for domestic consumption and export, investing in fishing while also forming joint ventures with foreign countries. The problem of capital was also resolved, largely by relying on contributions by the enterprise's cadres and workers. That orientation advanced the enterprise's urgent renovation of the activity of the party organization. Therefore, production and business were gradually stabilized and developed. In April 1985 the Ministry of Aquatic Products decided to change the enterprises into the Chien Thang Aquatic Products Production and Service Corporation. Comrade Nguyen Van Linh made an on-the-spot survey of the situation and was especially concerned with understanding experiences in renovating the activities of the basic party organization, accompanied by the renovation of the management mechanism in that corporation.

Two Questions Were Answered

When he visited the export aquatic products processing enterprise, Comrade Nguyen Van Linh asked two questions: 1. How is it that the enterprise operated at a loss

for a long time in the past but now earns a profit? 2. With the change-over to a market economy, how do the management mode and the activities of the basic party organization in the corporation differ from those of the past?

Hoang Cong Hac, who has a master's degree and is general director of the Chien Thang Aquatic Products Corporation, reported to the adviser on the process of transforming the management mechanism and gave four reasons for the unit's chronic deficits in the past: unbalanced investment, poor management, inexperienced management cadres, and serious internal negativism.

The renovation process in the corporation was carried out under difficult conditions caused by the old mechanism and the inadequate capability of the cadres when changing over to a market economy. First of all, the leadership sphere and mode of the party organization were specifically stipulated. Therefore, there existed the situation of the party committee "encroaching upon" the specialized work or neglecting the party's leadership. Second, in actuality, as director Hoang Cong Hac said, the state economy had not correctly resolved the question of ownership, or perhaps it could be called "lack of ownership." Third, the so-called "participation in management" by the mass organizations, the party organization, and the governmental administration in the "team of four" structure operated ineffectively. The trade union, youth, and women's associations participated in everything and were present everywhere but, in fact, in form only. Because functions were not clear, at a time when the management mechanism was heavily subsidizing in nature, the apparatus became even more cumbersome and at times became an effective and legal tool for the improper activities of the director.

Comrade Nguyen Van Linh exchanged opinions with the standing committee of the corporation's party committee about the transformation of the management mechanism accompanied by the renovation of the leadership contents and mode of the party organization. At first the Chien Thang State Fishing Enterprise only had a chapter of 25 party members. Each party member was responsible for a fishing boat unit. Some comrades served as boat captains but practically all of them were responsible for protecting the boats and had no knowledge of fishing. Therefore, there were no conditions for fully bringing into play the vanguard role of party members. It is easily seen that the leadership was little concerned with efficiency in the subsidy mechanism. The activities of the party organization were separated from economic and social effectiveness.

In order to overcome that situation of weakness and deficiency, first of all the party organization concerned itself with renovation and the effectiveness of the party's leadership of the mass work, and especially paid attention to strengthening the trade union organization and the Youth Union. After reissuing trade union membership cards the party committee exercised its leadership and solicited the opinions of workers in drafting a

document "specifying the rights and obligations of cadres and workers throughout the corporation in the process of renovating the economic management mechanism." The trade union took the initiative of participating in the activities of the corporation and selected cadres to run for the Management Council. The party committee and the director also assigned the Youth Union responsibility for editing a monthly TIN KINH TE [ECONOMIC NEWS], managing scientific projects, and contributing to training cadres.

Comrade Nguyen Van Linh also asked about the activity modes of the corporation under two forms: the enterprise federation mechanism and the stock corporation form. The chairman of the Management Council—the highest organ of management authority—represents the ownership of the state and the interests of the workers and share-holders in deciding all aspects of the corporation's work. The general director of the corporation manages under the guidance of the Management Council and under the direct leadership of the corporation's party committee.

Comrade Nguyen Van Linh applauded the great efforts of the party organization and the Chien Thang Aquatic Products Corporation now has a network of production, commercial, and service bases consisting of eight enterprises and units in Thuan Hai and Quang Binh, and is continuing to invest in the fishermen. The total value of production has increased every year, from 28 billion dong in 1988 to 75 billion dong in 1991. Last year the corporation paid into the treasury nearly three billion dong and this year that norm will increase.

What Problems Have Arisen?

Evaluating the effectiveness of renovation there, Comrade Nguyen Van Linh stressed that clearly, the comrades had achieved a number of very important initial accomplishments. Above all, they have brought into play the leadership role of the party organization and the organizational role of the trade union and Youth Union, as well as making the director responsible for economic effectiveness. The party organization became the nucleus of political leadership, and the center for unifying and rallying the cadres, party members, and workers to, along with the director, contributing to drafting policies and taking the lead in the corporation's renovation work. The process of renovating the party work there did not stop at renovating activities and assigning work to party members but, above all, was concerned with improving ability and intelligence and assigning the right cadres to directly manage production and business, in order to attain high effectiveness and create conditions for strengthening the close relationship between the party organization and the mass associations and the worker masses.

At present, many basic party organizations in the state economic units are still confused with regard to their leadership mode, and the relationship between the party committee secretary and the enterprise director has not

been specifically defined. The actual situation has shown that Decision 217, in addition to its positive aspects, has revealed a number of deficiencies and shortcomings. Especially, it gave the director too much authority, which was not tied in with his responsibility, and it did not tie in with his responsibility, and it did not emphasize developing the role of the mass organizations and the workers' mastership right. Therefore, in a considerable number of production and commercial installations the organizational role of the party organization has been obscured and has even been neutralized. Meanwhile, the upper echelon has lacked timely guidance regarding the contents and operational mode of the basic party organizations, so that they can be appropriate to the new conditions of the renovation of the enterprise management mechanism.

The party organization of the Chien Thang Aquatic Products Corporation has gained initial experience regarding the party work in state enterprise, in which outstanding aspects are the renovation of the management mechanism and developing the leadership role of the party and the role of the mass associations in production and commerce. The actual situation in that corporation affirmed that cadres and the mechanism are a unified whole, have an interwoven relationship, and affect each other. Without the renovation of the cadre work there will be no conditions for renovating the management mechanism. But if the management mechanism is still strongly characterized by subsidies, it will be difficult to develop the latent intellect of the cadres. The enterprise management mechanism and the operational mechanism of the party organization and the mass associations there have been codified by the decisions and regulations, which created conditions for ensuring that activities are democratic, that discipline is maintained, and that the leadership and supervision of the party have specific bases and norms. The mechanism ties in everyone with authority to responsibility and makes it obligatory that they strictly fulfill their responsibility, whether one is a director or a worker. Workers contributed opinions concerning, and drafted into official documents dozens of regulations regarding the functions of the party committee, the party chapter secretary, and the mass associations, as well as labor management, salaries and distribution, which were regarded as "laws" of the corporation. Due to management by the mechanism, the corporation achieved democracy accompanied by the maintenance of discipline.

The Mechanism for Training and Selecting Cadres

In the renovation process, first of all the corporation concerned itself with renovating the mechanism for recruiting cadres by standardizing each job title. It not only promotes and elevates, but also implements a mechanism for dismissal at the basic level. In 1990 the Management Council dismissed three directors and during the first part of this year dismissed two directors. After a period of probation, the two dismissed directors were reassigned as director and deputy director. The cadre work "has ups and downs," but that renovation

must be up to the activities of the market mechanism, with the goal of strengthening the state economy.

I believe that the training mode of the corporation's party committee and director is quite comprehensive: there are standards regarding specialized and professional skills, but they must also know how to do party and mass organization work. Nearly all of the key cadres of the corporation and the enterprises have served a number of terms doing party and mass organization work. That requires the party chapters of the enterprises to be concerned with the development of new party members, create conditions for rejuvenating the corps of cadres, and create sources for training replacement cadres. At present the party organization has 10 chapters with 135 party members out of a total of 860 cadres and workers in the corporation. Every year the Youth Union chapters select 20 to 30 outstanding members and recommends that the party organization consider them for preparation for admittance into the party. The corporation selected some of the 70 new party members for training so that they could become cadres with intellectual ability who were receptive to new things. They were steeled in actual work and are occupying key positions in the enterprises. That process is guided and supervised by the older cadres, who have a sense of responsibility toward the common undertaking. A matter worth noting here is that the role of the corporation's general director and the enterprise directors is organically related to that of the party committee secretary and the secretaries of the party chapters. I have observed that many representatives of other organizations who go there to study the party work experiences remark that the general director of the Chien Thang Aquatic Products Corporation not only assumes responsibility and is very enthusiastic toward the party building task, but also has knowledge of that work and creates all necessary conditions for achieving good relations between the party committee secretary and the directors, from the enterprise level up to the corporation level, in accordance with the party's organizational principles.

At present a number of other party organizations in the city have similar good experiences. They include the party organization of the Thanh Cong Textile Corporation, exemplified by Party Committee Secretary Nguyen Thi Dong, a cadre who has done party work for many years, is close to the worker masses, and has contributed to creating all conditions for the director to manage production and commerce with both economic and social effectiveness. That is also the "reason of reasons" for the success of renovation in the state economic units.

Of course, to achieve the above-mentioned accomplishments, first of all the party organization and the enterprise director must fully understand the renovation line and policies of the party and know how to apply them to the specific conditions of the unit, manifested above all in the political task of the party organization. The problem that is posed is how the ideological work, the organization of apparatus, and production and commerce, must be oriented. The renovation of the party

work accompanied by the renovation of the management mechanism must also begin with correctly determining the political task of the unit. The actual situation has increasingly shown that if production and commerce are not correctly oriented there will be no basis and conditions for carrying out the ideology and organization tasks well. That is both cause and effect.

Comrade Nguyen Van Linh also brought out the remaining deficiencies and weaknesses of the corporation in the process of transforming the management mechanism and recommended that the party organization and the upper-echelon party committee, along with the functional organ, pay attention to carrying out well the task of recapitulating the renovation experiences in the party work in that unit.

Vu Mao on Future of People's Councils

922E0070A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 19 Nov 91 p 1

[Interview with State Council Vu Mao by reporter Huynh Thanh Luan; place and date not given: "After the Present Term the People's Councils Will Continue To Exist and Must Operate Well"]

[Text] [editor's Note] The report of the Constitution Amendment Committee to the National Assembly dealt with the abolishment of the people's councils at the precinct-district and subward levels. Public opinion has also been concerned with the course of improving the state management mechanism at the subward, village, precinct, and district levels. On the occasion of a work trip to Ho Chi Minh City, Comrade Vu Mao, a member of the State Council, Chef de Cabinet of the National Assembly and People's Council, and a member of the Constitution Amendment Committee, submitted to an interview by a SAIGON GIAI PHONG reporter. [end editor's note]

[Reporter] It should be recalled that whether or not the people's councils at the precinct-district and subward levels should continue to exist is a question about which many different opinions were expressed in the course of studying the amendment of the 1980 Constitution. Has a conclusion been reached regarding that question?

[Vu Mao] In order to amend the 1980 Constitution, the first draft was introduced to obtain the opinions of mid-level and high-level cadres throughout the nation and was submitted to the National Assembly for discussion during its ninth session. Many people wanted to abolish the subward echelon and did not want to retain the people's councils at the precinct-district level. According to their analysis, during the recent period the position of the precinct-district level was too high. Assigning budget and planning functions to the precinct-district level proved to be irrational, at a time when the state management-administration function and tasks are being relaxed. Many were of the opinion that it is necessary to return precinct-district administrations to

the state managerial-administrative function in the localities, in which case retaining the precinct-district people's councils would be cumbersome and no longer necessary. The viewpoint of wanting to abolish the people's councils at the basic level is also based on the requirement and demand that the people's councils operate more effectively, instead of there being many echelons of popularly elected organs that tend toward formalism.

The Constitution Amendment Committee has paid attention to collecting all of the different opinions and to weighing and analyzing them more carefully, and realizes that at present there is no solid basis for abolishing the people's councils at the precinct-district level. Furthermore, with our socialist-oriented state management organizational model, the important factor is to do a good job of bringing into play the people's mastership role. Sufficient conditions must be created for the people to oversee and supervise the work of the managing organs. If there were no people's councils the people's mastership role would be greatly reduced. At the same time, we must be very careful, for there still has been no adequate recapitulation, analysis, and evaluation of the effectiveness of the activities of the precinct-district echelon during the recent period, so some judgements do not have a sufficient scientific basis. therefore, when considering the question of whether or not the precinct-district people's councils should exist, it is still necessary to study and weigh it in all respects.

The third draft amendment of the constitution will not deal with the question of abolishing and people's councils at the precinct-district and subward levels. That means that between now and the end of the current term (the end of 1994), the people's councils at all levels will continue to exist and operate in accordance with the current laws and regulations. During that time we will continue to study and evaluate the effectiveness of activities in all spheres of the precinct-district and subward levels to serve as a basis for correctly determining the rules, functions, and apparatus of the precinct-district administration and considering the continued existence of the people's councils at the precinct-district and subward levels, in order to ensure that the state management model is appropriate, streamlined, and effective.

[Reporter] In many places the basic-level people's councils, because of failure to determine their legal position and jurisdiction, are very confused in their activity. If they are still active by the end of the term they must urgently rectify that situation. What is your opinion on that matter?

[Vu Mao] I think that the legal position and jurisdiction of the basic-level people's councils have been determined by the law organizing the people's councils and people's committees. In fact, many basic-level people's councils have operated well. Recently, while working with the people's council of Binh Thanh Precinct, I learned that the delegates and people's councils operated well and were applauded by the people.

Supervision is a very important function of the people's councils. Once that has been established, although the basic echelon is no longer a budgetary and planning echelon, that will not affect the people's council functions of supervising the enforcement of laws and state regulations, recommending that the people's aspirations be met, and participating in drafting the locality's budget estimates.

[Reporter] Why cannot the upper-echelon people's council oversee the management of the basic-level administrations? That would be more streamlined and effective.

[Vu Mao] Yes, that is also a method that must be considered. If the upper-echelon people's council can reach down to the basic echelon, that would be very good. That matter must be studied seriously in order to reach a conclusion.

[Reporter] In Ho Chi Minh City, many localities are requesting the reconsideration of the existence of the subward-level people's councils because they lack the means to operate in accordance with the improved subward state management structure. What is your opinion about that?

[Vu Mao] The request for reconsideration of the subward people's councils, in the sense of objectively studying it to recommend its amendment is very good, but in the sense of "closing them down" immediately, that will not do. The 1980 Constitution, the laws and regulations regarding the organization and activities of the people's councils at all echelons are still legally valid, so the subward people's councils will continue to exist. If the subward people's councils relax their activities because they lack the necessary conditions, that situation must be overcome and rectified so that the subward people's councils can properly fulfill their responsibilities. Clearly, the responsible cadres at the local and central levels must enter deeply into examining and resolving that situation. On that basis, a conclusion will be reached as to whether or not the subward-level people's councils are needed.

With such analyses, we can affirm that between now and the end of this term (the end of 1994), the people's councils at all levels will continue to exist and operate well. It must be ensured that they operate effectively and truly represent the will and aspirations of the people. If the law organizing the people's councils and people's committees at all levels are redrafted it will begin to be applied during the following term, beginning in 1995.

[Reporter] Thank you, comrade.

Party Role in State-Operated Enterprises Viewed
922E0048A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 16 Oct 91 pp 1, 5

["Advancing to the Second-Round Congress of Ho Chi Minh City's Party Organization" column article by

Nguyen Kim Dinh, of the Organization Department of the Communist Party of Vietnam Central Committee: "Reflections on the Role of Basic Party Organizations in State-Operated Economic Units"]

[Text] The right of state-operated corporations and enterprises and of their directors to take the initiative has been enhanced with the promulgation of Council of Ministers Decision 217. That was a correct decision. However, because the party Central Committee has not issued documents to replace Directive 49 and Regulation 48 of its Secretariat on determining functions and duties, institutionalizing policies, and renovating the basic party organizations' method of leading, the party organization and party cell committees as well as party secretaries in state-operated economic units have, generally speaking, shown considerable confusion in fulfilling their roles. In reality, the roles of basic party organizations, party committee echelons, and party secretaries have been downgraded. At some places, corporation and enterprise directors have belittled the party's leadership role, contending that party cells and party organizations do not have any effect on production and business, that directors administer management in accordance with the state law, and that the party organizations in enterprises only play the role of "dependents" who are supposed to do as they are told. Worse still, at some other places, party organization and party cell committees have even gone along or sympathized with the wrongful activities of corporation or enterprise directors. Many cases of negativism in directors' managerial work have been exposed either by the masses in the enterprises concerned or by the upper echelons, but few cases have been uncovered by basic party organizations, party committee echelons, or party secretaries.

To institutionalize the various resolutions of the seventh party congress and to overcome the aforementioned state of affairs, the party Central Committee Organization Department has made a study of the draft regulation on activities of the basic party organizations in state-operated economic units and held a regional conference of northern provinces in Haiphong and a regional conference of southern provinces in Ho Chi Minh City. Many opinions expressed at these conferences had a very profound theoretical and practical character. We would like to cite some views selected from these conferences to serve as a reference instrument for the party organizations in state-operated economic units on the occasion of the forthcoming second-round congress of Ho Chi Minh City's party organization.

The basic party organizations in state-operated economic units are the nuclear organizations of the political system, the highest representatives of the all-people ownership in enterprises. In this social position, the basic party organizations must have political power, which must be manifested by means of their decisions on and guidelines for work in all fields at the grass roots to ensure that the enterprises develop in the right direction and in keeping with the line, positions, and politics of our party and state, and that the resolutions of the

upper-level party committees are effectively implemented at the grass roots. The decisions and orientations of basic party organizations, which are adopted by means of a resolution issued by a congress of delegates or by a party organization or party cell congress, include the content of the orientation and the targets (not the norms) of socioeconomic development, cadre organization, party building, mass mobilization.... All this is aimed at motivating and guiding the entire unit to make every effort to constantly develop the enterprise and raise the efficiency of its activities. In accordance with this orientation, other organizations in the political system such as the managing organs and the mass organizations must substantiate and institutionalize the socioeconomic plans and special-subject resolutions by formulating programs of action... and organize their implementation in accordance with their functions and tasks. Party organizations should not interfere in these specific jobs.

Party organization and party cell committees lead and guide general political and ideological work in keeping with the orientations laid down by the party organizations and party cells concerned. They also are duty-bound to fully convey the party's viewpoints, lines, and resolutions to each party cadre and member and the masses in their enterprises. Unlike the directors, who are fully responsible for organizing and managing production and business activities in conformity with the plans and norms assigned them, party secretaries, party committee echelons, and party members have the task of explaining the party's resolutions to the masses and carrying out ideological work to help guide their political thinking. In doing ideological work, they should keep themselves promptly informed of the feelings and aspirations of the masses and show utmost concern for their livelihood. They should provide the masses with all the necessary information and regularly create proper conditions for raising the intellect of both party members and the masses.

Basic party organizations lead mass organization-related work by means of the decisions and orientations adopted by party organization or party cell congresses. Party organization committees and party cell committees should lead the efforts to renovate the operational methods of the mass organizations to keep them in step with the commodity economy. In applying such renewed methods, they must link the interests of various movements to those of their members and pay attention to devising lever policies—in replacement of the old-style general exhortations—for use as a moving force to attract members to the movements for productive labor and social activities.... Party organization and party cell committees should not interfere in the specific work that falls under the mass organizations' functions and duties. They should organize periodic working sessions with the executive committees of these organizations to be briefed on their situation, to check on their implementation of the orientations set forth by the party organization and party committee congresses, and to rectify and readjust any deviations in the work of these mass organizations.

It is the basic party organizations' function to control the grass roots' activities in order to ensure an effective implementation of party lines and resolutions, state decisions, and resolutions of upper-level party committees. Unlike the contents and duties of the work of the state inspection organs, the basic party organizations, party organization committees, and party cell committees in the state-operated economic units do not check on specific cases of violations of party discipline and statutes. But they do check on the activities of enterprises and refer to party lines and resolutions, state decisions, and resolutions of upper-level party committees to develop these activities or rectify and readjust them if necessary. The method of checking used by basic party organizations is based mainly on the socioeconomic programs and plans of enterprise directors and on the programs of actions of the mass organizations. All important issues and all major solutions devised by enterprise directors that may have an impact on the activities of the enterprises, and the programs of action that may have a major influence on the mass movement must be reported to the conferences of party committees or their standing committees for verification before a decision is made.

Each organization on the political system concretizes the orientations of party organizations and party committees by means of its annual, quarterly, and monthly plans for each field of activities. In training, using, promoting, and disciplining cadres, it should consult the party committee echelons concerned before issuing decisions to ensure strict adherence to the established cadre lines, policies, and standards.

October Revolution Ideals, Socialism Praised

922E0055A Hanoi NHAN DAN in Vietnamese
7 Nov 91 pp 1, 4

[Editorial: "The Ideals of the October Revolution and Socialism Will Live Forever"]

[Text] Throughout the past seven decades and especially in these days, the stature and significance of the great October Revolution have always been a topical issue. Resorting to all kinds of tricks, forces hostile to socialism and wishing to preserve the old world order as an everlasting one have, from one epoch to another, depicted the October Revolution and the developments in the land of the Soviets through a deformative prism, cynically distorting the truth. Their familiar contention has been that the October Revolution was an accident, a blunder, a monstrosity of history. Desirous of giving a more "intelligent" explanation, some capitalist theoreticians have concluded that the October Revolution was a phenomenon at variance with the laws of social evolution (!). In the wake of the August incident in the Soviet Union, which followed the collapse of the socialist models in East European countries, antisocialist forces pounced on the opportunity to stir up a mud-slinging campaign against socialism, denying the significance and gains of the October Revolution. Not a few people who

once heaped praises on the October Revolution and the extraordinary achievements of Lenin's homeland have now made a sharp turnabout, negating everything (!) However, the communists who have espoused the Marxist-Leninist doctrine are not the only ones who have clearly understood the dialectics of history. Large numbers of progressive people throughout the world, under any circumstances, in times of glorious successes as well as in times of bitter failures, have always correctly appreciated the stature, significance, and achievements of the October Revolution, and the great contributions by the Soviet land and people to mankind.

Through several centuries, together with Marxism-Leninism, socialism, as a social trend embodying man's profound and fine aspirations for peace, democracy, freedom, and happiness, has been forged into a science. A logical conclusion conforming to the laws of social evolution is that mankind's society can in no way advance on the path to true civilization if a socialist revolution is not carried out and the old world order not dismantled. The great significance of the October Revolution lies in the fact that it blazed the trail for the building of a new world and demolished the monstrous order that reserved the right to rule the world for the exploitative classes, thereby turning scientific socialism into a reality.

With the success of the October Revolution, the world's first state of working people came into being. The success ushered in the era in which working people become the master of their fate, build a decent and happy life, and struggle for peace, national independence, and socialism. The generations of this century and the future ones will remember forever the meritorious services of the Soviet communists and people who endured great trials and sacrifices to save mankind from facism, accelerated the collapse of the colonial system, and made important contributions to establishing and consolidating peace, security, and cooperation among nations. The rights to freedom, democracy, national independence, peace, and social progress that working people have won at different levels on this planet are inseparable from the existence of the Soviet Union and other socialist countries. That is an undeniable historical fact. Nor can there be any mistaking the collapse of the model of socialism in this or that country for the collapse of scientific socialism. In spite of all the obstacles and ups and downs, a new thing that conforms to the laws of social evolution and that is an inevitable development of history will ultimately assert its fine existence.

Our Vietnamese nation had made untold assiduous researches and had gone through the failures of various patriotic movements early in this century, when its great son Ho Chi Minh discovered the truth that national liberation was possible only by taking the socialist path and applying the revolutionary theories of Marxism-Leninism. That was a choice of history. Following that path, we have obtained important results: the country was liberated, regained its independence and freedom, was reunified, and entered the period of transition to

socialism. The seventh party congress and the second-round party organization congress at various levels have affirmed the unified will of our party and people to persist in our line of national independence and socialism and to follow the scientific path we have chosen. By standing firmly on our Vietnamese land, creatively applying Marxism-Leninism and Ho Chi Minh's thoughts, and persisting in our renovation undertaking, our party and people will certainly overcome the acute trials and create highly favorable conditions for building a prosperous and strong fatherland.

We are forever grateful to the October Revolution and great Lenin for having blazed the trail to the liberations of peoples, among them the Vietnamese people.

Our people always set great store by their friendship with the Soviet people. Our people's great successes in their struggle for national independence and in the building and defense of their socialist fatherland are inseparable from the precious support and assistance of the fraternal Soviet people over the past years.

We will continue to strengthen our traditional friendly relations and mutually beneficial cooperation with the Soviet state. At the same time, we will broaden our relations with the various Soviet republics.

As we mark the 74th anniversary of the October Revolution, it is our wish that the Soviet people will overcome the current highly challenging times, extricate their country from crisis and continue to develop it, and make worthy contributions to the cause of consolidating world peace and security. We express solidarity with all forces earnestly attached to the October Revolution and socialism and we believe that the current difficult situation will be overcome.

The vitality of the ideals of the October Revolution and socialism are imperishable!

Renovation in Socialist Direction Stressed

922E0065A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 5 Nov 91 pp 1, 2

[Editorial: "Bringing Into Full Play the Results of Ho Chi Minh City's Party Organization Congress: Our Major Ability at This Juncture Consists in Strongly Pushing Forward the Renovation Process Along the Socialist Line"]

[Text] Ability is an indispensable quality of any man, any organization, or any social community determined to attain a set objective. By the same token, political ability is even more indispensable for a revolutionary militant or a revolutionary organization because it decides success or failure on the road to achieving their revolutionary goals.

Having passed through many periods of revolutionary struggle and many successive generations, the party organization of Ho Chi Minh City has cultivated for

itself a solid political ability, repeatedly fulfilling the tasks entrusted by the revolution and the people. The important achievements recently reviewed by the city's fifth party organization congress have proven the lofty political quality of the party organization of the city named after Uncle Ho, a component of the vanguard political party of the working class, the representative of the interests of the Vietnamese people and nation. The ability of the city's party organization has always been fostered with the will and intellect of the city's working class and people and of all the staunch and indomitable nation. The ability of Ho Chi Minh City's party organization is inseparable from that of the entire party; it contributes to creating the strength of the entire party while drawing on the latter's common strength.

Ability is not something that is static. The revolutionary cause always makes new demands on the leading party in new circumstances. The ability of a revolutionary and a revolutionary party must develop ceaselessly. For this reason, the city's fifth party organization congress time and again referred to the need to enhance political ability as a pressing issue.

In the part dealing with party building, the political report of the fourth Executive Committee of the city's party organization said: "...Not a few party cadres and members have displayed a lack of political ability and have loosened management, allowing bad people to take advantage of the situation to engage in illegal business. They also have manifested neglect and lax vigilance in trades relations with foreign businessmen. A segment of party members has displayed skepticism, discouragement, a drop in the will to fight and in revolutionary zeal, and irresponsibility in work. They have drawn back, have become defensive, and have resigned to their fate, refusing to struggle against what is wrong and to defend what is right.... Most serious has been the fact that a small number of party members, especially those holding certain positions and power, have been infected with pragmatism, caring only for their personal interests. They have become corrupt, have acted in collusion with bad elements to enrich themselves, have squandered public property, have lived in debauchery.... Bureaucratism, alienation from the people, and even the persecution and bullying of the masses have remained serious."

In the part devoted to general observations, the political report clearly pointed out: "The political ability and the knowledge of and capacity for management of socioeconomic and cultural affairs of the contingent of cadres of Ho Chi Minh City, a major urban center, remain woefully deficient. Cadre-related work has suffered from a lack of planning and cadre assignments are still being done in a passive and haphazard manner and have failed to meet the requirements of the renovation undertaking."

These remarks have in no way clouded the leading role and strong points of Ho Chi Minh City's party organization. At its recent fifth congress, Comrade General Secretary Do Muoi, on behalf of the party Central

Committee, affirmed that the city's party organization and people "have firmly maintained political stability and taken the lead in the renovation process." On the contrary, the frank observations in the political report and in the two statements by the comrade secretary of the city's Party Committee have only given prominence to a sense of self-criticism and criticism and a willingness to look squarely at the truth and to point out the new contradictions that must be resolved seriously. These are qualities that are highly necessary for raising the political ability of all the party organization and each party member.

Through the analysis done by the party organization congress, we can clearly see that the party organization of Ho Chi Minh City as well as each member of our party are fighting in a situation marked by two major characteristics:

—Our country is facing a new opportunity and a very great new trial. There is a factor which we should not make light of: As Comrade Vo Tran Chi, secretary of Ho Chi Minh City's Party Committee put it in his report, "The common objective of the hostile forces is to drive us into a trap from all directions." The world revolution is on the decline and socialism is in the grip of a serious crisis. However, we will continue to keep our door open and we resolve to stand firm and move forward.

—The multisector commodity economy and the market mechanism have a very great positive side that stimulates development; at the same time, as Comrade Vo Tran Chi put it, "Their negative side is also very terrible, very formidable." However, we resolve to implement the policy of developing a multisector commodity economy along the socialist line, an economy that operates in accordance with the state-managed market mechanism.

Thus, we must have the ability to be sufficiently strong and sharp to welcome the new opportunity, overcome the new trial, avoid falling into a trap, bring into full play the great positive side of the commodity-market economy, and minimize the destructiveness of its negative side.

In the complicated situation of our country's current process of development, in reality the positive and negative factors often "tailgate" and "closely follow" each other; they are also interwoven and transform each other. We must be very alert to clearly distinguish right from wrong and the real from the fake, and to oppose conservatism, sluggishness, and the fear of continuing the renovation process; at the same time, we must guard against subjectivism and adventurism. In the final analysis, both of these tendencies are a reflection of poor political ability. Our great ability at this juncture must consist in our skill in strongly pushing forward the renovation process to achieve stability and development along the socialist line.

As we see it, political ability is not simply a matter of will. On the contrary, the political ability of a genuine communist must be an alloy tempered with his absolute loyalty to the revolutionary ideal, his intellect, his capacity for action, his virtues, and his work style. A political ability that lacks the necessary intellect is imperfect. A party organization that lacks the knowledge of leadership cannot raise its level of leadership. A party member that lacks the necessary knowledge of leadership cannot accomplish the mission entrusted by the party and people.

We must admit that many of our comrades have been incapable of overcoming the new trial. These comrades have not regularly cultivated their political ability. As a consequence, they have vacillated and tumbled when confronted with the complicated changes in the situation and the temporary setbacks of the revolution under the blatant or sophisticated attacks by the hostile forces and by the cruel and the obnoxious. There have been some comrades who have failed to control their desire and to overcome the sweet temptation of position, power, factionalism, money, and real estate. Some comrades who lacked ability have been entrapped. On the other hand, we should regard the lack of resolve to cultivate one's knowledge through study as a manifestation of poor political ability.

For the communists, cultivating political ability has no other purpose than to bring the revolutionary cause to completion in the interests of the working class, the people, and the nation. Cultivating political ability is the task of each party member, each party organization, and all the party. The fifth party organization congress of Ho Chi Minh City stressed that at present, the standard quality that party cadres and members must cultivate is "political ability, the quality of intellect, capability, and the will and resolve to remain attached to the masses and to win their trust." Reorganizing and renovating the party is to carry out this important and pressing task.

Comrade Adviser Nguyen Van Linh told the party organization of Ho Chi Minh City: "Now more than ever before, we must ceaselessly raise our intellectual and sentimental standards in accordance with Marxism-Leninism and Ho Chi Minh's thoughts. This is our nation's tradition and ability elevated to a new height under the leadership of the party founded and trained by President Ho Chi Minh."

This is a precious asset of our party and nation. This is also an abundant asset for use in cultivating and enhancing the political ability of each member of the Communist Party of Vietnam.

MILITARY

Communications Tasks at City Level Discussed

922E0067A Hanoi QUAN DOI NHAN DAN
in Vietnamese 17 Nov 91 p 2

[Article by Major General Nguyen Diep: "Ensure Communications in the Provincial (and Municipal) Defensive Zones"]

[Text] Communications are a key factor in supporting leadership, command, and management in the defensive zones. It has to meet the requirements of ensuring good communications with the upper echelon in order to receive orders and guidance, while maintaining continuous communication with the lower echelon and the relevant local units in order to pass on orders and carry out the combat readiness and combat missions.

On the basis of the present situation of the communications network in the localities and experience gained in recent defensive zone maneuvers in the provinces (and municipalities) a number of problems have arisen which must be resolved so that the communications sector can fulfill its mission of ensuring communications in the provincial (municipal) defensive zones in both peacetime and wartime.

First of all, the communications forces and facilities of the sectors at the provincial (municipal) level must rely primarily on the posts-and-telecommunications communications network and the communications network of the Armed Forces. They must fully exploit the capabilities of the existing equipment, while also investing selectively, gradually strengthening and developing the communications network in the defensive zones, and meeting the requirements of economic construction and strengthening national defense and security. Therefore, communications network plans must be based on the plans of the economic areas and the residential areas. They must also be based on the needs of national defense and the operational plans of the defensive zones. After such plans are approved by the provincial (municipal) people's committees they must be approved by the National Communications Network Planning Commission and the National Planning Commission so that they can be balanced and in accord with the common plan.

When drafting plans it is necessary to invest selectively in order to strengthen, exploit, and develop the existing network. Under the present conditions, the posts-and-telecommunications sector is endeavoring to implement full cost accounting and recover its own capital, which is a correct course. However, as regards the border provinces, which have sparse populations and undeveloped economies and in which the communications network is still backward, but in which the requirement of ensuring communications to serve national defense and security is urgent, if they only rely on meeting expenditures with the income of the provincial posts-and-telecommunications sector they will not have sufficient capital to invest in strengthening the network, let alone developing it. Therefore, the State Planning Commission and the Posts-and-Telecommunications General Department must provide additional investment capital for such provinces, especially in the important strategic areas that require a high degree of combat readiness.

At present, the posts-and-telecommunications communications forces, because of the requirements of economic accounting, meet expenses with income, so there is a tendency to reduce staffs considerably. In many

places the telegraph sector cannot ensure continuous, 24-hours a day communications and there are no village postmen, so official messages, documents, publications, and letters sent to the hamlets, villages, and border defense outposts are very tardy in arriving or are lost. The communications forces of the provincial military commands have been reduced to the extent that it would be difficult for them to fulfill their missions under complicated circumstances. The communications forces in the militia and self-defense units, and the open and secret courier organizations were tightly organized and played a major role in liberation war and war to defend the fatherland. Now, practically none of them are organized and trained. Therefore, recently many difficulties have been encountered in protecting communications lines passing through the localities. To overcome that situation, the posts-and-telecommunications sector must determine rational organization on the basis of the service requirements (both economic and national defense). The people's committees and the local financial sectors must, on the basis of the actual income of the posts-and-telecommunications sector, determine the amount to be deposited in the budget. They must even make up for deficits (in the case of places with strong national defense requirements, sparse populations, and undeveloped economies). The strength of the communication forces of the military commands should not be reduced according to the general ratio, but should be based on the mission of supporting command and the requirements and capabilities for using posts-and-telecommunications communications, in order to determine communication staffs sufficiently large to man the communications network continually and have the necessary mobile reserve forces to cope with unexpected situations. In building up the mobilized reserve forces and the militia and self-defense units, the localities must pay adequate attention to organizing and training the people's communications forces to contribute to building up and protecting the local communications networks in peacetime as well as training in the plan to ensure communications in wartime.

It is necessary to determine a structure to lead and command the communications networks in the defensive zones in order to bring into play the combined strength of the communications forces and facilities in the provinces (municipalities). At present, nearly all of the provincial (municipal) communications sectors have implemented the structure of the provincial (municipal) posts-and-telecommunications directors heading the communications sections of the defensive zones and shares responsibility for organizing communications support to serve the missions of the defensive zones according to the plan of the people's committee chairman that has been approved by the provincial party committee (or its standing committee.) The communications director of the provincial military command is the first deputy chairman and assists the head of the

planning committee and directly commands the communications detachment of the provincial military command. The deputy directors of posts and telecommunications and the communications directors of the other sectors are also members of the communications committees of the defensive zones. In the event that main-force troops of the military region or the High Command are operating in the defensive zone, or the upper-echelon command organ is deployed in the province, the head of the defensive zone communications committee (or the director of communications) will be decided by the upper echelon.

To date there are no specific regulations regarding the responsibility of the posts-and-telecommunications sector in serving national defense and security in peacetime, when conducting maneuvers, when serving situations relevant to local security, and when there are war situations on different scales. Therefore, the posts-and-telecommunications sector in many places still regard national defense and security as ordinary tasks. Thus there must be regulations regarding the ratio of reduction of posts-and-telecommunications fees for national defense and security, regarding priority in using facilities, regarding situations in which fees are exempted, and regarding the level of mobilization of posts-and-telecommunications channels to serve national defence and security in each combat-readiness status.

Preparations regarding communications are an important content of the great undertaking of preparing the nation to oppose aggression. The above recommendations must be discussed extensively by the relevant ministries and the communications sectors at the local and central levels in order to contribute practically to improving capabilities to ensure communications in the defensive zones.

Training Tasks Discussed at Party Conferences

922E0067B Hanoi *QUAN DOI NHAN DAN*
in Vietnamese 19 Nov 91 p 2

[Article by Quoc Viet: "Improving Training Quality: A Much-Discussed Topic at the Basic Party Organization Congresses"]

[Text] In addition to determining measures to build pure and strong basic party organizations to serve as the hard core in building all-round strong units, the party organization congresses at all levels dealt with the training task rather enthusiastically. What should be done, and how, to improve the quality of training? That is a question that was discussed a great deal. There were opposing opinions, which caused seething debate. The leadership and command at all levels frankly and strictly pointed out the good points in the training task. At the same time, they did not evasively conceal the deficiencies and weaknesses.

At the party organization congress of infantry division B6 many opinions were expressed that the quality of

training has not met the requirements of the missions in a timely manner. Why? The first reason, which directly determines the results of training, is that leadership and command at all levels have not done a good job of educating the cadres and men about the missions. A matter worthy of concern is the failure to realize clearly the position, characteristics, and missions of the units in the new situation and mission, in order to teach a sense of responsibility to the cadres and party members. Worthy of attention is the fact that the training slogans and methods—basic, practical, solid, realistic, and appropriate to the terrain, the operational objectives, and our fighting methods—have not been fully and deeply understood, and are not yet regarded as guiding thoughts permeating the training process. The above-mentioned training slogans and methods not only must be understood by cadres but also must be thoroughly understood by the enlisted men, for only then can they carry them out well.

Comrade Quy, commander of unit M65, expressed the opinion that the reason why the quality of training is not yet high is that the ideological awareness of cadres and party members regarding the training methods and slogans has not been transformed. For that reason, the basic level is still passive and is not yet lively and agile, and training has not yet concentrated on transforming tactics and techniques. The officer corps at the basic level has been unable to simultaneously teach enlisted men and provide practical training which the enlisted men can study and emulate. Therefore, the principle of the upper echelon teaching the lower echelon has not been achieved. Comrade Nguyen Hoang Hoa, commander of unit M41, said that attention has not been paid to steeling cadres and the echelons have not focused on the weaknesses of cadres so that they can be bolstered. Although some results have been attained in training, the ability of the enlisted men to command and act is still beset with many limitations.

The fact is that in recent years infantry division B6 has made many all-out efforts to organize 61 training classes for 3,708 cadres from the platoon leader level on up. However, those cadres only understand the contents and programs of each echelon, and no attention has been paid to renovating training methods and actual practice. Especially, when cadres trained in the new classes returned to their units they had very little practical knowledge and not enough time is spent in adding to it. For that reason, many company and platoon cadres are confused when making tactical moves. Therefore, training quality is not yet uniform and solid. Guidance and control by the echelon directly above are not yet close, detailed, and regular. In infantry division S11 many cadres expressed frank opinions that training in small unit techniques and tactics has not received adequate attention. "Dismounted" training and coordinated combat arms training are still summary and abstract in nature. Therefore, when there was an order to conceal their vehicles in order to fulfill a mission, the entire unit was worried and couldn't eat or sleep.

Although there was a commander with each vehicle, the unit was still nervous and feared a loss of safety.

Another problem that has arisen at the basic level is that the training of command organs has not truly received attention. The command organs must not only train by using maps and sand tables but must also directly guide the unit in fulfilling its mission. Therefore, it is necessary to understand the tactical forms fully. At the same time, they must have good practical skills. Some cadres of the command organ are reluctant to go down to the basic level, in part because of their limited ability and skills. The training of staff organs must be carried out in many forms, with methods that are appropriate to the characteristics and missions of the unit. I think that only if staff organ cadres truly take the lead in carrying out the training slogans and methods can they guide the basic level. The units complain much about bureaucratism and excessive meetings that bring about few results. Perhaps if staff organ cadres directly work with basic-level cadres on the training fields, that will help the units in training.

With regard to the units, we think that they are under pressure from many directions; they must fulfill many missions, all of which are necessary. To help the units effectively carry out each training content, the organs and sectors must cooperate closely with one another and help the units draft unified, tight plans and be determined to implement them properly.

Colonel on Political Tasks in Military Training
922E0063A Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Oct 91 pp 50-55

[Article by Colonel Nguyen Van Duc in "Exchange of Views and Experience" section: "On Military Training—Five Experiences in Political Work in Reorienting Military Training"]

[Text] The policy of the Military Commission of the party Central Committee and the Ministry of National Defense on reorienting military training has been implemented by the entire Army for more than a year. Several troop training seasons have passed, several field exercises, technical demonstrations, and annual reviews and evaluations have been carried out. At many second-round party congresses at various levels, numerous reports and work projects attached importance to the question of reorienting military training and brought up the initial achievements already in this domain record while pointing to the remaining problems to be resolved.

Experience has shown that, to do a good job of reorienting military training, we must pay attention to both the content and methods of training; satisfactorily resolve the ideological, organizational, and policy problems; and consider changes among cadres as the basis.

Following are five key experiences in political education aimed at meeting the requirements of reorienting military training:

1. Political work in reorienting military training must, first of all, help clarify the relations between the policy of reorienting military training and the various policies on readjusting the national defense strategy.

Military training is a major issue in the Army buildup and a central task in peacetime military development. Therefore, to correctly understand and implement the policy of reorienting military training, we cannot separate it from other policies but must consider it within the context of its close relations with the Army buildup as a whole and against the background of the readjustment of the national defense strategy, the consolidation of national defense, and the renovation of the country in all respects in accordance with the party's renovation line. In reality, at some places, because of the manifestations of a tendency to consider the military training question separately, the reorientation of military training has been regarded as a regression, a return to guerrilla warfare, a decrease in the level of training, a downgrading from the level of combined-services combat training with modern weapons and equipment to the level of combined-arms combat training with less modern weapons and equipment. This has spawned another misunderstanding that the tasks of defending the fatherland and consolidating national defense are probably being downgraded. The consequence of that misconception was that military training has been belittled and that no great effort has been made in this field. At times, the task of military training has even been eclipsed by the task of economic building. In the final analysis, we can see that all these erroneous perceptions of the reorientation of military training stem from a misunderstanding of the policy of readjusting our strategy in the cause of defending the fatherland and consolidating national defense. For its part, this misunderstanding itself has an even deeper-seated origin: the misinterpretation of the renovation undertaking as viewed against the new domestic and international background.

It is necessary to realize that the policy of readjusting our strategy in the cause of defending the fatherland and consolidating national defense is based on the people's war concept and on an accurate assessment of the domestic, regional, and international situation. This policy encompasses a series of issues such as redeploying forces, creating a rational defense posture, reorganizing forces, reducing the standing army personnel, increasing the reserve forces for mobilization and the militia and self-defense forces, and strengthening the people's war positions in all localities. In particular, there is the question of improving the overall quality of the Army, of which reorienting military training is a major requirement. This reorientation is not a retrogression to the times of guerrilla warfare but a return to the correct concept of all-people national defense and people's war. It does not contradict in any way the orientation of building up a gradually modernized regular people's army; it constitutes a concept of a regular and modern army that conforms to the realities in our country. From

the angle of military training alone, this reorientation means a return to the correct concept of realism, that is, to the training of troops in our traditional methods of fighting as they may be applied to the war of national defense, with the use of equipment that we have or may have at our disposal in keeping with our country's economic and technical conditions. But we still have to train them to use the modern weapons and means with which we are equipped or which we have captured from the enemies (but when to use them is another matter). At the same time, we must train to be skilled in applying the methods of fighting in which weapons and means produced—or to be produced by us soon—are used. In this way, our troops will have a more comprehensive fighting capability and will be able to fight in more diversified conditions. Their standards will not drop as some people have erroneously thought.

2. Political work in the reorientation of military training must enable entire Army units to thoroughly understand their political tasks in the new development of the national defense task. On this basis, the units must correctly perceive the military requirements in troop training.

Military training is always aimed at enabling an army to fulfill its most basic political task, namely the task of a militant force. For our Army, this militant function is to destroy all enemies who invade our homeland, to defeat all adversaries on the battlefield by applying the military art of people's war and by using the weapons and other means of fighting available. Therefore, to talk about military training is to talk about training in strategies, campaigns, and tactics, and training to be skilled in handling weapons and other military means. However, our Army's militant function is not confined to defeating the enemies on the battlefield but also includes punishing reactionaries who conceal themselves among the people. Hiding under all kinds of masks, these reactionaries seek to entice and deceive the masses; then, pretending to act on behalf of the "masses," they use them as a cover to oppose and sabotage the revolution. In the new development of the national defense task at this juncture, our Army is duty-bound not only to safeguard national independence, sovereignty, and territorial integrity but also to protect the socialist regime, the party, the administration, the revolutionary mass organizations, and the people. The national defense and security tasks are closely linked to each other. While standing ready to cope with a war of aggression, we must also be prepared to deal with rebellions of various degrees of intensity, on different scales, and in different forms. To fulfill this task, Army units cannot use the strength of ordinary military tactics and weapons. Instead, they must resort to a special kind of military art and use mass mobilization as the key weapon to separate the reactionaries from the masses, isolate them, and eventually neutralize and defeat them, thereby protecting the people and winning them over to our side. In this task, the functions of a fighting army are closely combined with those of a working army.

Realities around the world have shown that in some countries, there have been cases in which not only individual units but an entire colossal army—though equipped with all kinds of modern weapons, trained in very modern military art, and capable of gloriously defeating all adversaries on the battlefield—failed to discharge its functions of a fighting force. Thus, in not too long a period of time, that Army fell apart, not because it was attacked with guns and bullets, but because it remained helpless before an enemy acting on behalf of "the masses...." In our country, our Army was once experienced in suppressing bandits and struggling against reactionaries who coerced Catholics into emigrating to the south many years ago, and in helping people settle their conflicts and land disputes in recent years. These efforts called for not only a simple exercise of military strength alone but also the simultaneous application of both military and political measures. But here, the requirements of such military measures were also far different from those of the military measures applied on the battlefield.

Such military requirements should be laid down in the current task of military training. In reality, some units have belittled or failed to raise these requirements in military training although they understand that they are duty-bound to stand ready to take part in suppressing rebellions if they break out. The relations between the military and politics are very much in evidence here. If these relations are not close enough, military actions can easily become disoriented, will only serve military purposes, and can at times be useless or even harmful. Our Army's political tasks are developing incessantly, therefore, military training must develop accordingly. Although they may be stationed in the same area, each subordinate component of the same unit may have different tasks; or they may have the same tasks, but their levels of political requirements may vary (depending on whether the unit involved has sufficient troop strength, whether it is a unit charged with standing ready for mobilization, whether it has only a cadre frame....) In such a case, the military requirements of these units are also different, and consequently, their military training cannot be completely identical. If we talk about reorienting military training, it is only to ensure that it responds to these specific requirements.

3. Political work in the reorientation of military training is aimed not only at improving the teaching and learning process but also at promoting the research on and application of fighting methods and the creative development of weapons and equipment according to our economic and technical standards.

Research on military art and military technology is closely related to military training. If this task is ignored, it would mean a serious omission in our political work. The determination of political work system in our People's Army is inseparably linked to the principle that the party exerts absolute and direct leadership over the People's Army in all respects. There is no unit, no component that does not need to carry out political

work. Political work should be upheld in the early stages of all work processes. In our research on fighting methods, if we fail to thoroughly understand the people's war concept and the Army's political task, and especially if we fail to closely follow the latest developments of this political task, then the inevitable consequence will be that our training will not be realistic.

For this reason, to obtain good results in our reorientation of military training, political work must be satisfactorily carried out in military schools and research organs and in our research on military art and technology. In all military schools and research organs and in all research activities, there must be a profound understanding of the realism and people's war concepts and the policies of strategy readjustment and military training reorientation so that the results of their activities can be reviewed and that military training programs, the contents of military training, and military textbooks can be compiled in the most appropriate possible manner. We must firmly grasp the new targets of our combat efforts and the new developments of our national defense task. We must learn from the combat experience gained in the wars of national liberation over the past few decades and from our ancestors' tradition of struggle against aggressors. We must selectively learn from the best features of the world's military art and guard against dogmatism, slavish imitation, sectarianism, and empiricism.

All units, including basic combat units and detachments (regiment, battalion, and company), must pay attention to research. They must teach, learn, and research at the same time, thereby making everyone conscious of their role as the "main subject" of the training process. They must attach importance to the methods of developing democracy and suggest ideas for everyone to think them over. Teachers should not impose their views on learners, and learners should not remain passive and absorb knowledge mechanically. Of course, first of all, teachers must teach well and learners must learn well; only on this basis that creativity can be brought into full play. Creativity must be based on a definite foundation; it cannot be built on nothingness. We should not make light of the opinions of those who will bear arms and do the fighting on the battlefield. Sometimes, the opinion of a grass-roots cadre or an enlisted man may prompt us to rethink a whole theoretical and tactical issue, or a question of technical innovation.

4. Political work in military training must help make everyone feel confident in the fighting methods, weapons, and equipment we have at our disposal now, including those improved or created by ourselves.

Confidence in our capability to defeat the adversaries with our fighting methods and with the weapons and equipment we now have, or with the weapons and equipment that we have improved or created, is an extremely important factor. We should review the tradition of fighting that our Army and people have established since the early days of the war of resistance against the French aggressors when, armed only with bamboo

poles, spears, swords, and a few infantry firearms, we daringly fought and defeated the enemy. As the war developed and our northern border was opened, and with the arrival of international aid, our weapons and equipment were constantly increased in quantity. However, generally speaking, in the recent wars of resistance as well as in the entire history of our nation's past struggles against foreign aggressors, it has always been a case of relying on a small force to defeat a larger one and using the few to fight against the many. In both the anti-French and anti-U.S. wars of resistance, we had to use rudimentary and less modern weapons against more modern ones (this situation still lasted even after total victory was achieved). The secret of our success was the fact that we had mastered the art of conducting war and had developed a creative military art based on the weapons and equipment we already had or might have. This art of conducting war and this military art (which were closely linked to the war for a just cause and the party's correct political and military lines) helped develop to a very high degree the aggregate strength of the entire people and Army. This aggregate strength was a combination of moral and material strength, which comprised the strength of weapons and equipment. The factors that decided the success of our past wars in general and of our military activities in particular—namely a creative spirit and the aggregate strength concept—still exist today. When talking about inheriting the nation's experience and traditions, first of all we must talk about inheriting that creative spirit and aggregate strength concept. The readjustment of strategy and the reorientation of military training were dictated by many factors, one of which was the need to rectify deviations, the disregard for old traditions, the excessive fondness for foreign modern methods of fighting, and the reliance on foreign-made weapons and means we can ill afford.

Therefore, reorienting military training means that we should give up the method of training our troops in the use of what we cannot afford and in the application of those fighting methods that do not guarantee victory, in order to train them in handling the means we currently have or will certainly obtain, and in using the fighting methods that will ensure success. This is closely related to a thorough understanding of our party's renovative spirit in the cause of socialist construction; to the development of the spirit of independence, self-mastery, and self-reliance; and to the fact that everything depends on us and on the exploitation of our potential, and that reliance on foreign countries means failure.

5. Political work in military training must be capable of ceaselessly inculcating our soldiers with a high fighting spirit, a sense of enduring hardship, and a resolve to achieve advanced fighting skills in the new conditions.

Our Army must always be inculcated with a high fighting spirit and advanced fighting skills. However, the purposes and requirements of this fighting spirit and these fighting skills must be appropriately laid down in accordance with its combat duties and situation.

The reorientation of military training has raised requirements that were virtually nonexistent in the past. The method of fighting based on the use of tactics and equipment that exist only in imagination—the method that calls for every campaign and every battle to be conducted with air support, for the use of railways and motor vehicles to ensure troops' mobility, and for heavy artillery fire to breach enemy defense lines....—gives rise to a psychology different from the one created by the method of fighting that requires the use of portable weapons and pack artillery, that expects soldiers to rely on their legs for movement, and that calls for breaching enemy defense lines with satchel charges. These different psychologies also give rise to disparity in the will to fight. Today, in training, some units that used to be trucked to drill grounds now have to get there on foot, while others have to carry their own heavy weapons that used to be transported by motor vehicles; and these changes alone have caused considerable tiredness to soldiers. And we have not yet mentioned those units originally equipped with modern weapons which must now train to be ready to use them while they must also learn to handle less modern hardware. Thus, their amount of training must be increased, their soldiers must exercise more physical strength, and more calories have to be expended (while compensation remains limited). In such a situation, we must encourage all cadres and combatants to uphold the will to overcome difficulties, endure hardships, train painstakingly, and study realistically. A high sense of surmounting difficulties to train well today is precisely the prerequisite for the development of the will to fight and fight victoriously in the future.

This will to fight cannot be developed and consolidated in a short period of time. It must be built on the foundation of our society and fostered by means of the education offered by our socialist schools, and it must continue to be cultivated in the People's Army. Our Army cadres and combatants must be well educated in the socialist line of renovation; in the line of all-people national defense, people's war, and people's armed forces; and in the policies of readjusting the national defense strategy and reorienting military training. At the same time, they must be regularly trained in these subjects in the course of their military training and all other practical work of the Army.

Training at Quyet Thang Corps Discussed

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DAN in Vietnamese Oct 91 pp 60-63

[Article by Colonel Do Trung Duong of Quyet Thang Corps: "Training Troops Along the Line of 'Realism' at a Mobile Main Force Military Corps"]

[Text] Since 1989, Quyet Thang Corps has made numerous efforts to reorient its training in accordance with the motto "Basic, Steady, and Realistic" and in keeping with its combat duties, with the object of its combat activities, with its current organization and equipment, and with our people's war military art. In the

immediate future, the corps will concentrate on building up and training its grass-roots units to make them firm and strong in all respects so that they can serve as the basis for developing the corps into a unit skilled in conducting medium- and small-scale combined-arms and combined-services combat operations. To date, the corps' training of its troops according to the new guideline has achieved notable progress in terms of perception, ideology, and action. The quality of training; the management of material bases, weapons and equipment; and the maintenance of combat readiness have been improved.

However, in actual training, not a few cadres and combatants have expressed concern over the fact that Quyet Thang, a mobile main force military corps of the Ministry of National Defense—a key force charged with conducting military campaigns and carrying out strategic tasks on nationwide battlefields, a unit that is currently in the process of being standardized and gradually modernized and developing combat efficiency—is now training its troops in carrying heavy loads in long marches and in using portable weapons to attack the enemy. They wondered whether this kind of training was appropriate for the corps the task of which is to conduct combined-arms and combined-services operations. This concern became even more evident after the Gulf War. People were asking if the corps, given the current, actual state of its organization, its force buildup, and its troop training, could counter and defeat a war of aggression waged by an enemy fitted up with equipment and weapons as modern as those used in the recent Gulf War.... This thinking has resulted in the adoption of a highly formalistic, monotonous method of training devoid of creativity in the application of the corps' traditional fighting methods. It has also led to a loss of confidence in our weapons and equipment, especially the ones that our troops are being trained to use, such as the sustained use of satchel charges and secret barbed wire-cutting methods to breach enemy defense lines, the use of individual life preservers to cross rivers....

To address this concern of our troops and to raise the quality of their training according to the new orientation, we had to continue inculcating in all cadres and combatants of the corps a profound understanding of the self-reliance concept and the need to fight with whatever they have got and to train in the same way they fight. At the same time, we worked out practical measures to satisfactorily resolve the problem of perception of their tasks and to amend and renovate the contents, programs, and methods of training in accordance with the regulations issued by the upper echelons. At present and during the next few years, in training its troops, the corps will concentrate on satisfactorily resolving some key problems as follows:

1. Concentrating on building up and training grass-roots units to make them firm and strong to serve as the basis for training in and conducting combined-arms combat operations at divisional and army corps levels.

During the anti-French and anti-U.S. wars of resistance, various units of Quyet Thang Corps participated in combat activities at many different levels—from detachment up to divisional group—and took part in numerous combined-arms and combined-services campaigns. During that time, in building and training, the corps still focused chiefly on building up and training its forces from squad-sized up to battalion-sized units. Whenever assigned with specific campaign-related and combat duties, it would organize supplementary training in essential subjects for the units concerned and conducted combined-arms training sessions and exercises at divisional and corps levels.

By applying this experience to the current situation, in the conditions of the corps being gradually standardized and modernized, we can see that it is correct and even necessary for the corps to carry out training along the "basic, steady, and realistic" guideline and to regard the training of grass-roots units as the main effort and the basis for higher-level training and exercises. These two aspects of training are equally important and closely related. If the grass-roots units are well trained, they will be able to develop initiative, flexibility, and high combat efficiency when fighting in the formation of higher-level units. When fighting independently or in coordination with other forces in provincial or district defense areas, far from upper-level commands, these detachments will still be able to satisfactorily fulfill their tasks.

To meet this requirement, the most important thing is for us to correctly determine the contents and methods of organizing the training of each infantry, mechanized infantry, and armed-branch units in conformity with the requirement of their combat duties, with their weapons and equipment, and with the people's war military art in the new conditions. On the other hand, we are opposed to both of the following erroneous tendencies: One is the tendency to overemphasize modern fighting methods and large-scale combined-arms and combined-services combat operations that are beyond the capability of the corps and the Army; and the other is the tendency to pay attention only to past experience and tradition without closely combining a knowledge of modern military techniques with the experience gained during the anti-U.S. war of resistance in close-quarters fighting, night fighting, and quick-fight quick-win tactic, and without fully exploiting and bringing into full play all the modern and less modern weapons and equipment currently available to defeat the enemy.

We must also attach importance to educating our contingent of cadres, in particular our grass-roots cadres, in military knowledge and developing their capability to satisfactorily organize the implementation of the tasks of unit building and of managing, commanding, and training troops. Inspection of training at a number of units has shown that most of the corps' grass-roots cadres and units are only capable of training at a lower level and cannot meet the requirement that an upper-level unit must be capable of training a lower-level one and that commanders must be capable of training their units. For

this reason, our basic guideline is to improve the quality of on-the-job training for cadres; to select the contents and methods of training systematically, fundamentally, and realistically to suit the requirements of the combat duties of each infantry and armed-branch unit. We will guard against the tendency to make light of on-the-job training and will apply measures to encourage and create proper conditions for cadres to study successfully.

2. Training troops to boldly and effectively attack the enemy with weapons and equipment currently available or to be supplied as reinforcements.

Training in accordance with the concept of "fighting with whatever we have got" and with the guideline that we must know how to fight and defeat the enemy with the weapons and equipment we actually have at our disposal, including modern, relatively modern, and rudimentary weapons, is the foremost requirement of Quyet Thang Corps' training effort.

At present, Quyet Thang's detachments are equipped with far more modern weapons and other means of fighting than before. This is a big advantage for the corps. However, this advantage has also given rise to new contradictions that must be resolved. This stems from the fact that, because of the requirements of their present tasks, various detachments of the corps have shifted to training in handling portable weapons, which are less modern than the hardware currently at the disposal of various units. Therefore, along with educating its troops in the correct way of thinking and guiding their thoughts, the corps must attach importance to training its men and its infantry and combined-arms units to be skilled in using—and to fight well with—not only modern weapons and equipment but also less modern portable weapons. We have also paid attention to instilling in our soldiers a sense of self-reliance, a creative spirit, a desire not to rely on the higher echelons for help in combat, and a capability to fight with high efficiency coupled with a willingness to economize on ammunition and combat equipment.

In combat, owing to the characteristics of the tasks and organization of the corps, Quyet Thang's units from regimental level up often regard combined-arms action as the main method of fighting. For this reason, we should not make light of the training of detachments in combined-arms tactics, especially joint operations between the infantry, the artillery, and the armor.

At present, the majority of the corps' combined-arms unit commanders are former infantry commanders. Therefore, they often show some shortcomings and weaknesses in leading combined-arms operations, such as their incapability to firmly control and efficiently lead attached heavy-weapon units and armored forces. This deficiency requires that these cadres be trained to have a firm grasp of their units' organic means and weapons and, when in command of attached forces, to know how to organize and lead combined-arms units to create the greatest possible aggregate strength, especially to know

how to organize and lead the delivery of fire power in the preparatory stage and during the actual conduct of military operations and campaigns. These cadres must also know how to bring into full play the command organs and command facilities at combined-arms units' command posts.

3. Training troops to be skilled in the management and maintenance of their units' weapons and technical equipment.

For a mobile main force army corps which has large quantities of modern weapons and technical equipment at its disposal, good maintenance and utilization of motor vehicles and other military means is a decisive factor ensuring its combat readiness and high combat efficiency.

At present, some of the corps' weapons and equipment are regularly used for training or kept ready for combat, and some others are stored for long-term preservation. However, the cadres and combatants of Quyet Thang do not yet have the necessary technical knowledge for this maintenance and preservation task; its system of warehouses and repair facilities are not commensurate with the volume and modern character of its weapons and equipment; and the materials needed for this preservation are limited in variety, quantity, and quality. For this reason, we have paid special attention to the study and application of technical maintenance measures and to the improvement of our troops' capability to maintain weapons and technical equipment. In addition to sending cadres to long-term training courses organized by the Ministry of National Defense, each year Quyet Thang Corps has trained hundreds of technical cadres and personnel—especially drivers, automobile mechanics, gunsmiths, artillery repairmen...—for its own use. In the conditions of troop strength reduction and unit reorganization, the corps has set forth numerous measures to strictly manage its contingent of technical cadres and personnel in both the standing force and the reserve force for mobilization and has adopted adequate incentive policies to preserve this contingent.

Learning from its experience over the past few years, in preserving weapons and equipment as well as in strictly applying technical regulations and organizing "technique promotion days," the corps has paid attention to encouraging cadres and combatants to develop initiative, carry out technical innovations, and improve the quality of maintenance and preservation. For example, when storing AK rifles for preservation, if old methods were followed, we needed only to grease them, wrap them up in packing materials, and send them to the depots. But, if we did it that way, the wooden parts of the rifles would degenerate within a few years because of the weather conditions in our country, and especially because the depot system still does not meet the minimum technical standard. To overcome this state of affairs, we have carried out an innovation: We separated the wooden parts from the metal parts and stored them in different places. Of course, we must take into account

the need to ensure combat readiness. Whenever these weapons are ordered to be taken out of storage, within a definite period of time they must be completely reassembled. For other modern, precious, and rare equipment such as electronic and optical devices, various kinds of batteries...we have also applied many effective technical innovations to improve the quality of their maintenance and preservation.

In addition to the efforts made by the corps, we would like to suggest that the upper echelons adopt effective measures to help it build a basic storage system (in accordance with the formula "the upper and lower echelons work together") and provide the corps' maintenance establishments with more facilities, and create proper conditions for the corps to repair on the spot those weapons and pieces of equipment that break down in training or while being used to constantly maintain combat readiness. The upper echelons should also study the application of technical maintenance and preservation measures to help Quyet Thang Corps prolong the service life of its weapons and technical equipment.

Artillery Force To Develop Combat Traditions

922E0063C Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Oct 91 pp 63-66

[Article by Colonel Do Nang Mieng, Artillery Branch: "Training Artillery Force in Bringing Into Full Play the Tradition of 'Developing Brass Legs and Iron Shoulders, Fighting Well, and Firing Accurately'"]

[Text] At present, the Artillery Force is carrying out its training task in the conditions of the staff, organization, and equipment of its units, especially the organic artillery units of various infantry division, being affected by many changes. Many difficulties that cropped up several years ago, such as limited budgets, scant fuel supplies, shortages of training facilities... remain unsolved. Meanwhile, there have been many developments in requirements and in the task of combat training aimed at responding to and accommodating the fighting methods of infantry units, combined-arms teams, and provincial and city defense zones. This reality requires that the artillery branch gives much thought to seeking realistic and rational measures to improve the quality of training.

With a thorough understanding of the motto, "Basic, Steady, and Realistic" in training laid down by the Ministry of National Defense and the requirement that troops be trained to know how to fight and defeat the enemy mainly with the equipment they currently have at their disposal, including the rudimentary and modern one, and by a harmonious combination of its newly acquired knowledge with its traditional experience, the Artillery Force has concentrated on some key tasks as follows:

1. Attaching importance to training in the use of portable artillery pieces and mortars, and to the training of organic artillery and mortar units of infantry battalions, regiments, and divisions.

Several years ago, owing to a tilt toward large-scale combined-arms operations, the use of and training in artillery was marked by a tendency to attach importance only to towed artillery and artillery units sent in by the upper echelons as reinforcements, while small-caliber artillery forces and the organic artillery components of various infantry units were somewhat neglected. Not only the higher-echelon artillery organs but the artillery commanders, officers in charge of artillery support, and assistant commanders for artillery of the infantry units themselves were lax in guiding the training of these artillery forces. For this reason, the technical and tactical standards of cadres and combatants of the small-caliber artillery and mortar units were limited.

Following the All-Army Artillery Conference held in July 1990, the Artillery Command concentrated on monitoring and guiding artillery training while setting forth many appropriate measures aimed at improving the quality of training of both the towed artillery force and the pack artillery and mortar force. The Artillery Branch opened a training course on artillery and mortar techniques and tactics and on the method of training artillery cadres of all the Army in the use of small-caliber artillery pieces and mortars. Immediately after that, many military regions, Army corps, and infantry divisions set out to train their subordinate grass-roots cadres in the above-cited tasks so that they could begin the training of detachments. The Artillery Branch's Training Office urgently reprinted, revised, and improved versions of artillery training manuals for distribution to various units before the training season began. The Artillery Officer Candidate School added many points to the mortar and recoilless rifle training manuals, among them lessons on firing practice with the 82-mm mortar and recoilless rifle, weapons that were not previously included in the school's officer candidate training program. It can be said that, during the past period, all establishments, from the steering organs and training schools down to various units, have highly concentrated their efforts on raising the quality of the pack artillery and mortar forces of the infantry units.

2. Launching a movement for studying and improving training models, teaching aids, drill grounds, and sand-table target practice to make training more realistic yet less costly.

To make training more realistic while overcoming budgetary constraints in training, the Artillery Command and the artillery organs of various military regions, Army corps, and infantry divisions have encouraged their cadres and combatants to bring into play their own intellect and enemy to improve and create more training facilities. Many of their projects have been highly appreciated and applied by units in all the Army. Most worth noting has been the initiative taken to modify 82-mm mortar shells (of Grade-5 and Grade-6 categories) into reusable projectiles for use in the training of mortar and even artillery units. The use of these shells in training not only helps promote economization but also makes combat training more realistic. They can be fired several

times and this permits the fullest exploitation of old, surplus propellant charges, thus keeping the cost of each firing at not more than 300 dong, a 50-70 times reduction if compared with the previous cost of 15,000-20,000 dong per shot. Thus, if provided with the same amount of money, now the artillery force can do target practice with "live ammunition" 50-70 times more often than before the innovation was introduced. Another fact worth mentioning is that these training shells do produce a flash and smoke almost identical to the effect of a real projective. This means that our troops can train in a "realistic" manner both at night and during daytime.

The Artillery Force has also refined the equipment used in subcaliber firing practice—with a subcaliber gun mounted inside the tube instead of outside as it was done in the past—with the 76-mm and 85-mm cannons to train troops in and to check tube-laying in direct fire. This improvement adds realism to gunners' movements and makes them closer to combat conditions, eliminating the need to fire an artillery piece by "pulling the trigger of a rifle" as it was done in the past. There have been many other innovations that, though very simple in themselves, have had very great effects, such as the improvement of "night lighting equipment" which has virtually put an end to the state of troops playing more than training owing to the lack of light during night training sessions at various units. The Artillery Command has also worked in coordination with the Military Technology Institute and the Army Computer Center to improve the firing data computing machine for the artillery. The result of this project has been successfully applied in a number of units and the device is being refined before it is distributed for wider use.

3. Combining the training to be capable of "fighting well and firing accurately" with the development of "brass legs and iron shoulders," and the improvement of the capability to use artillery pieces, ammunition, and equipment with the improvement of the capability to maintain them.

History of the Artillery Branch's combat activities has shown that, to fulfill its tasks, in addition to the will to fight and the development of technical and tactical standards, artillery men must be in good physical conditions. To prove this point, we need to cite but one example: In 1966, many artillery regiments, carrying with them all their guns, ammunition, and other supplies (with soldiers carrying 45 kg and regimental officer 20 kg), marched continually for three to 10 months, climbing over the Truong Son Range to go to the battlefields in Quang Tri and Thua Thien, the Central Highlands, and Nam Bo... to fight the Americans. For this reason, at present various artillery units have paid attention to educating their troops in the tradition of "brass legs, iron shoulders, fighting well, and firing accurately," which they have also used as a guideline for training. Through their training in pushing and pulling artillery guns, marching over long distances carrying heavy loads, and doing field exercises in areas of different topographical characteristics in harsh weather

conditions, these units have sought to help their cadres and combatants develop good health and a work style necessary for future combat activities. Not only the small-caliber artillery and mortar units but even the mechanized artillery units and artillery schools have regarded this as an indispensable requirement in training. The pack artillery units can train separately or together with the infantry units. The towed artillery detachments can train their troops in pushing and pulling guns; in assembling, disassembling, and carrying various kinds of antitank guns and howitzers in accordance with the infantry's tactical requirements. The Artillery Officer Candidate School has also introduced artillery gun carrying, pushing, and pulling... into its sustained general field training exercises of its students.

A question to which our Army in general and the Artillery Branch in particular have paid much attention is the sense of and capacity for maintaining and preserving weapons and equipment, especially the precious and hard-to-find modern motor vehicles, artillery guns, and equipment. In the current general situation, the standing troop strength of the Artillery Branch was and will continue to be reduced. Thus, the maintenance duties of each unit and each person will increase. For this reason, in training its troops, the Artillery Branch has attached importance to raising their capability both to use and to maintain artillery pieces, ammunition, and equipment.

Military School, Academy Changes Discussed

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DAN in Vietnamese Oct 91 pp 19-23

[Article by Major General Nguyen Chu Phac: "Some Renewed Contents of the Military School Task"]

[Text] Over the past few years, as a result of the implementation of Resolution 115 of the Standing Committee of the Party Central Committee's Military Commission, military school work has undergone a new step of development. The military school system has begun to be rearranged and consolidated to conform to the demand for training in the new stage. Training programs and contents have been readjusted to be more practical and consistent with the military equipment and art of the Vietnamese people's warfare. Training work and methods have been improved to bring into play students' independent and creative thinking, to link theory to practice, to attach importance to practice, and to implement the concept that teaching is a process of imparting experience and tradition. Worth mentioning is that initial results have been obtained in promoting association in training among Army schools and between military and civil schools. Owing to these efforts, the quality of education and training at the Army schools has gradually improved.

In the days ahead, the Army schools will continue to implement Resolution 115 and its supplementary contents in order to continue the in-depth renovation of

military school work, a task defined by the Standing Committee of the Party Central Committee's Military Commission and reflected in Directive 31/CT-TM issued by the chief of the General Staff under the title: "Military School Work for the Five-Year 1991-1995 Period."

In peacetime, when talking about building a "well-trained, gradually modernized regular revolutionary Army," first of all we must pay attention to the training of the contingent of officers. On the other hand, the shortest way to the realization of renovation in the Army must begin with its schools. From these schools, officers will fan out to various units in all the Army to apply their freshly gained knowledge in carrying out building, education, and training, in promoting combat readiness, and in combat activities.

Renovating training is a task comprising many contents and links, of which the most basic content is "to renovate and modernize the contents of training programs and training methods in order to improve quality. Importance must be attached to the cultivation of ethics, personality, and practical capability." (Footnote 1: The Strategy of Socioeconomic Stabilization and Development Up to the Year 2000, Documents of the Seventh Party Congress, Su That Publishing House, Hanoi, 1991, p 38). In the coming years, the Army schools will concentrate on the following tasks:

1. Basically Renovating the Contents, Organization, and Methods of Teaching Social Sciences.

At present, the world political and socioeconomic situation is continuing to develop in a complicated manner. A new trend has emerged with an apparent relaxation of tension. However, there is in fact an ongoing bitter confrontation between the forces of peace, national independence, democracy, and socialism and the warlike forces of imperialism and its reactionary henchmen. Reality has little by little proved that it is illusory to expect favors, humanitarianism, and a gift of dollars from imperialism. Imperialism and reactionary forces are still frenziedly sabotaging us by making an increasingly insidious and cunning use of their "steel fist in a velvet glove" strategy.

In our country, since the renovation undertaking was set forth by the party, our national socioeconomic visage has undergone many important changes and has shown numerous encouraging improvements. The recent seventh party congress reaffirmed our resolve to continue implementing the renovation line and to follow the chosen socialist path with appropriate viewpoints and steps. However, to attain the goals we have set for ourselves, we still have to overcome numerous difficulties.

In such a situation, according to the guidance of the General Political Department, the political education and the teaching of social sciences in the Army schools must be aimed at enhancing the political ability of trainees and their confidence in and loyalty to the party

leadership; enabling them to clearly recognize the enemies and the schemes and tricks of reactionary forces; consolidating their revolutionary stance and motivating them to persist in the path of socialist construction; improving their capability to carry out practical tasks; and enabling them to effectively struggle against erroneous viewpoints and conceptions. To do so, first of all, the content and form of political education and the teaching of Marxist-Leninist theories in the military schools must be capable of cultivating among the trainees a correct way of thinking, correct viewpoints, and a correct understanding of the various issues of our times, of socialism, of modern capitalism, and of the period of transition to socialism in our country. They must also be capable of countering the enemies' distortion of facts and vanquishing all hostile forces on the theoretical front. This victory must be based on theory and practice. Today, political education and the teaching of theories of social sciences cannot be separated from the theories of the sciences of psychology and education. In particular, nowadays bourgeois military specialists have classified psychological warfare operations as the fifth-generation weapon, placing it just behind the people-paralyzing nerve weapons in the history of arms development. Nor can we ignore another extremely dangerous weapon of today: culture and art. This is because a bookish method of education that is based merely on the use of chalk and blackboards can hardly win over people's hearts and minds.

On the other hand, the history of national building and national defense and the history of national culture must be taught in the Army schools. The quintessence of our national military tradition and history and of our national culture, which are marked by profound national characteristics, will help impart to the future officers a broad knowledge in the military, political, economic, and cultural fields which they could eventually use in their study, training, research, and work. At the same time, the study of the party's history should be renovated to include in its curriculum new contents about party building; about the party's relations with the state and the Army and the state's relations with the Army; about Army rules and regulations; about the state law.... On this basis, citizens' responsibilities and those of a future officer will be taught to the trainees.

2. Renovating the Contents, Organization, and Methods of Military Education and Training.

Our country has a narrow land area but a large population and is still poor economically, and our Army's technical equipment is still limited and not as modern as that of many other countries. But there is an extremely important fact: Our people are courageous, intelligent, and "skillful in the art of war." In any difficult circumstances, our people can always find appropriate "strategies" to defend the country. These strategies consist in our people's secret formulas of "using a weak force to fight a stronger one" and "using the few to fight the many," and in their ability to rely on their own national potential and fighting methods to defeat the enemies.

This is Vietnam's unique traditional military art, which has been passed on from one generation to the next and combined with a selective acceptance of the best features of mankind's military art, which has been enhanced itself by the intellect of many successive generations. This experience and tradition of our forefathers must be handed down to the military school trainees. On the other hand, the Army schools must thoroughly understand, firmly adhere to, and correctly apply our party's military viewpoints and thinking in the new stage which were affirmed in the documents of the seventh party congress. In keeping with this spirit, the contingent of officers must definitely be seriously educated and, especially, must be intensely trained. This is because no "well-trained and elite" army is possible without scientific organization and methods of training. However, in order to have "crack troops," first of all we must have "crack officers."

To ensure the quality of training, we must invest capital and must bear the cost of equipment. It is easy to see that training in military schools is many times more expensive than training in civil schools. Owing to the characteristics and nature of military activities, a new officer must accept command and combat duties immediately after his graduation, without any probationary or familiarization period. Combat activities permit no experimentation. Failure in one direction or in a battle may lead to serious losses for the entire military unit or campaign. For this very reason, economization and a high sense of self-reliance must be effectively promoted to defray the cost of education and training in military schools.

In addition, the military schools must renovate the contents of troop management study by combining the administration of management according to the state law and Army rules and regulations with the development of each person's voluntariness and self-control.

3. Quickly Raising the Contingent of Officers' Cultural Level and Knowledge of Modern Military Science and Technology.

A commander's cultural level is his basis for acquiring knowledge. It enables him to absorb modern military science and technology, to recognize the enemies, and to correctly perceive their strengths and weaknesses, thereby protecting himself from their bluff and psychological intimidation. At the same time, it also helps him guard against underestimating the enemies, which may result in unnecessary losses of his men's lives.

Thanks to our correct perception of the enemies, we were once able to apply many technical solutions and creative methods of fighting to limit and eventually eliminate the strength of the enemies' modern technical equipment. We defeated the French although they had aircraft, tanks, and warships at their disposal and we had none. We vanquished the Americans even when their technical equipment and weapons were many times more numerous and more modern than ours.

If a commander has a high cultural level and a good scientific and technical knowledge, in peacetime he would be able to organize, educate, and guide his unit in satisfactorily maintaining, storing up, and preserving its technical equipment in a scientific manner and in conformity with our actual environment, conditions, and situation. In wartime, he would know how to handle equipment and weapons and to highly develop their effectiveness in accordance with our methods of fighting, thus using them sparingly but still obtaining good results and winning great victories.

Not only now but it was during the anti-French war of resistance that we already paid attention to raising the cultural level and the scientific and technical standards of the contingent of Army cadres. Cadres at all echelons and in all specialized branches were sent to the Soviet Union, China, and other countries for training so that they could help build up the Army after their return. During the anti-U.S. war of resistance, we also mobilized the contingent of civilian intellectuals to carry out military tasks with high efficiency.

In the near future, if another war of aggression is started against our country, we will certainly have to cope with an electronic war many times more modern than the one we fought nearly 20 years ago. However, we will not allow ourselves to be blindfolded and attacked by the enemy any way he pleases. To do so, the Army schools must be entrusted with the responsibility to elevate the cultural level and the scientific and technical standards of the contingent of officers right now to help them prepare for national defense with a high level of self-confidence and with real capability.

4. Institutionalizing on the State Plane the Various Academic Levels in the Army.

The training carried out in the Army schools is aimed at, on the one hand, ensuring a sufficient supply of high-quality cadres for all specialized branches as required by the Army, and on the other hand, contributing to "raising the people's cultural standard, fostering manpower, and training talented people" according to the country's common education and training targets set forth by the Strategy of Socioeconomic Stabilization and Development Up to the Year 2000.

Owing to the concern of the Council of Ministers and the wholehearted assistance of the Ministry of Education and Training, the academic levels in the Army have been unified with the civil academic levels and have acquired a corresponding scale of knowledge. The Army school system has been recognized by the state as a component of the national education and training system.

Since 1991, the general middle school supplementary education level in the Army has shared the same examination material and examination dates with the civil educational system and its graduation certificates have been issued by the Ministry of Education and Training. The vocational (technical and professional) and job-training middle school level in the Army will also be

issued with the same kind of graduation certificates by the Ministry of Education and Training. In regard to the officer candidate school system, after the Ministries of National Defense and Education and Training have specifically surveyed each school, those institutions that have offered college-level courses on an experimental basis since 1978 and other officer candidate schools, if deemed qualified, will be upgraded to the college or university status in accordance with the Council of Ministers' decision.

Over the past 10 years, the Army schools have recruited students in accordance with the Council of Ministers' regulations and the circular jointly issued by the Ministry of National Defense and the Ministry of Vocational and Higher Education (now called the Ministry of Education and Training) on this subject and have organized national graduation examinations in a serious manner. However, in the years ahead, they should refine the curriculum for basic scientific knowledge (that is, general college education) in keeping with the general regulations of the Ministry of Education and Training. The officer candidate schools should work out plans and satisfactorily prepare every condition for upgrading their training step by steady step. Naturally, we should take into consideration the historical character, the training requirements, and the concrete conditions of the Army schools. We know that during the 1955-1960 period, when college-level education was introduced for the first time, our civil colleges themselves did not have as many professors and doctoral-degree holders as they do now. We mentioned this fact to show that many Army officer candidate schools now have already got all the necessary conditions for upgrading their training programs.

The military institutes have been recognized by the state as having a status equal to that of a college or have been allowed to teach postgraduate courses. Of course, only those officers who have been formally trained at a college (or a university) or a high-level military school (officer candidate school) are admitted for training at these institutes.

At present, some learning institutes and research institutes have registered to teach postgraduate (doctoral) courses in military technology or military and social sciences. The Council of Ministers has decided to authorize seven Army training and research establishments to offer postgraduate programs. Regrettably, since the decision was issued, various institutes (except the Institute of Military Medicine and the Institute of Military Techniques) have concentrated solely on training their own teaching cadres. In the near future, these establishments should pay attention to the postgraduate training of cadres for officer candidate schools, combined-arms cadres, and cadres of the various armed branches and services to create a source of commanders and leaders equipped with a high scientific standard and to enhance the stature of the contingent of military officers and generals.

In addition, the Army school system should study the training of civilian, administrative, and party cadres at all levels in military and defense affairs and improve the training of youths, especially college students, to be reserve officers.

To achieve these objectives, the first thing to do is change the thinking of military school leaders, commanders, and managerial organs. At the same time, we must pay attention to creating sources of new recruits from the young cadet and noncommissioned officer training schools of the various armed branches and services, and must carry out recruitment-related propaganda and education in general middle schools. We must seriously carry out the uniform training of junior officers in the basic subject matters and attach importance to promoting association, liaison, and communication between officer candidate schools, military academies, and military research institutes on one side and nonmilitary schools on the other side so as to make the fullest use of the strength of each school in terms of teaching staff and material facilities. Another important factor is that we must resolutely invest money and materials for the teaching of basic scientific knowledge and for training, exercises, and practice.

If they can do that, the Army schools will certainly make a great contribution to the training and fostering of a contingent of officers of high quality for the armed forces, the social standing of officers will be enhanced, and becoming an Army officer will truly be the dream of young people while the officers themselves will still be the pride of our party and people.

Military Role in Economic Development Detailed

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in Vietnamese 18 Oct 91 p 3

[Article by Vu Thanh Che: "The Army's Role in National Economic Development"]

[Text] The foremost political task of our entire nation at this juncture is to concentrate efforts on economic development. A thorough analysis and understanding of the role of each sociopolitical organization in the process of implementing this primary task is of great significance as far as their way of thinking, their sense of responsibility, and their practical action are concerned.

In reality, there are several different perceptions of and even conflicting opinions about the Army's role in economic development. In a letter to Karl Marx, Engels affirmed that the military played an important role in the economy. In my opinion, that role, under the current conditions of our country, is reflected in the following points:

First: The Army is the mainstay of the defense of the politico-economic system and creates proper conditions for economic development.

Building a stable, strong, and flourishing economy to meet ever more satisfactorily the demands of all the people's daily life is our lofty ideal. Nevertheless, the economy must be closely linked and subordinate to a definite sociopolitical system, which should determine the direction of all economic development. This was pointed out by Lenin in these terms: Politics is the concentrated expression of the economy. The economy determines politics, but politics cannot but take precedence over the economy.

It would be wrong to think that we need only to build up the economy and life. Worse still, there has also been the notion that in this economic era, we should not concern ourselves with or talk about politics.

There are fairly broad notions about politics, but the crux of the matter is the relations and standing maintained by various classes through their political parties and political power. Therefore, in any class struggle and whatever the form this struggle may take, power is still a vital issue. At present, the class struggle in our country is proceeding in an extremely bitter, fierce, and complicated manner. It takes many forms and occurs in all domains—political, ideological, cultural, and economic.... However, in the final analysis, the enemies still focus on a single objective: to abolish the leadership of the Communist party, eliminate the power of the proletarian dictatorship, change the social standing of the working class, and direct the entire economic system toward a qualitatively different road.

Since the sixth party congress, especially over the past two years, our country has recorded very encouraging initial achievements in the socioeconomic field. However, generally speaking, we still have not yet got out of the state of prolonged crisis and imbalance. During the next few years, our national economy will surely still have to go through new and even more difficult trials. Thus, the enemies will still have a prop for their efforts to further deepen the dissatisfaction of some elements and heighten the people's mistrust of a number of party and state cadres in an attempt to drive a wedge between the people and the party and continue their sabotage activities aimed at destabilizing the economic and sociopolitical situation.

In the current situation, protecting the party leadership, defending the people's dictatorial power, and creating sociopolitical stability are a question of decisive significance for the survival of the entire nation and for the development of our national economy.

At present, the new requirements of the task of defending the fatherland and protecting the party and administration call for an all-out effort and prudence on the part of all the people, of whom the Army is necessarily one of the main forces. Our people put and will continue to put great confidence in the Army's capability of and political responsibility for working together with other armed forces and with the entire people to firmly

maintain sociopolitical stability and create proper conditions for the economy to develop. That is the primary important role of the Army in national economic development.

Second: Making economical and highly effective use of military material and technical means is to contribute to economic development. Viewed from a certain angle, military activities can also be seen as helping stimulate scientific and technical development and temper and train society's work force.

The social reproduction process comprises four tasks: production, distribution, exchange, and consumption. These tasks dialectically propel and stimulate one another.

As far as consumption is concerned, although consumption for military activities is a special kind of consumption that goes beyond the limits of the production process, it is an objective requirement of society.

The more economical and efficient this consumption is, the more the expenditures of the economy will be reduced, thereby increasing the efficiency of the economy as a whole.

During the past two wars, with its tradition of satisfactorily maintaining equipment, ensuring its durability, and showing creativity in using it, our Army carried out technical innovations, applied many different methods of fighting, and made the fullest use of a combination of all weapons and means available, thereby creating a great fighting strength to defeat its enemies, who had at their disposal a quantity of modern weapons and means many times larger than ours. At present, upholding its slogan of developing initiative, our Army is actively applying creativity in technical development and combat tactics to exploit most efficiently all the weapons and means available, firmly maintain and gradually increase its military strength, steadfastly defend the socialist fatherland, and reduce to the minimum the spending of the economy's hard currency on the import and purchase of military hardware. That is the realization of the most substantial possible economization in our Army's military activities, an economization that contributes to creating proper conditions for economic development.

In our Army, the contingent of capable scientists—including those working in the basic and specialized scientific domains—the centers for scientific research and technical application, and the increasingly numerous military colleges have made untold valuable contributions to modern science and technology in general and to military science and technology in particular, on both a national and a world scale. At present, in view of the new situation, the cause of national defense and economic building seriously calls for further effort on the part of the contingent of Vietnamese scientists and scientific centers in general and of Vietnam's military scientists and scientific centers in particular.

Because of the harsh demands of combat duties, military labor requires a very exacting cultivation of political quality, ideology, revolutionary sentiments and virtues, the sense of organization and discipline, work style, and professional standards in accordance with specialized military branches. This is a decisive condition that ensures the success of soldiers in combat and work. Socially speaking, after the soldiers have fulfilled their military duties, these qualities and life-style will serve as the foundation for their basic and sound study and reception of specialized knowledge that will enable them to take part in various economic sectors.

Third: The Army directly turns out and creates products and wealth to contribute to national economic construction.

Proceeding from the revolutionary nature of our Army, immediately after its birth, our party and Uncle Ho pointed out that, aside from their training, combat, and working duties, no matter where they were stationed, and despite their need to be constantly on the move, soldiers must engage in food production to contribute to improving their living standards and building up the economy. Fully imbued with that thinking of our party and esteemed Uncle Ho, producing food to improve their living standards and participating in economic construction have become a very valuable tradition of our Army. During the past wars, no matter how difficult, trying, and fierce the situation might be, in addition to their primary, basic duties of training, fighting, and working, Army units still managed to satisfactorily organize food production to meet part of their need for food, thereby overcoming any disruption of the provision of supplies or any lack of supplies from the rear area because of wartime conditions.

After national liberation, owing to the requirements of peacetime military tasks and the poor state of the economy, the Army's production and economic building duties became even more pressing. Therefore, at the fourth party congress, production and economic building were determined as a strategic task of our Army. Since then, this task has been widely organized in the entire Army on different scales depending on the tasks and conditions of each unit.

Generally speaking, the Army's production and economic building task is divided into three forms:

The first is the form of food production in the units performing training, combat, and working duties. The state and the Army do not assign product-delivery norms to these units. However, to achieve the objective of meeting part of their own need for food in daily life because of the still limited supplies provided by the state, various units have striven on their own initiative to actively participate in the commodity production of the entire country.

The second is the form of production and economic building of the defense enterprise system. To date, this system has made no small contributions to the economy.

At present, because of the actual demands of military activities, aside from the task of carrying out military production to meet the demand of the armed forces' regular activities, on average the defense enterprise system—which also includes the military provisions, military equipment, and military weapons production enterprises—has used up to 70-80 percent of its production capacity to turn out goods for civil use and has become a form of organization truly carrying out economic work in accordance with state economic policies.

The third is the form of Army units specializing in economic work. Owing to the requirements of the Army's new tasks in national defense, to permit the most efficient and economical use of its strength, the Army has been required to reorganize its forces. A number of units retained in the Army's basic combat formation is an indispensable force in case of war, but in peacetime, there is no need for their direct use. Under the light of various party resolutions and under the guidance of the Defense Ministry, these units have been organized into specialized economic building forces so that they can, on the one hand, take part in improving the national economy and the people's living standards, and, on the other hand, ensure the readiness of military forces in the Army's combat formation in case of hostilities.

The seventh party congress set forth the requirements and tasks of economic building and national defense consolidation in all parts of the country. The units specializing in economic work are entrusted by the state and the Army with production duties in those fields where it is essential to combine economic building with national defense. These units are stationed in strategically important areas such as the borders, the offshore islands, and the Central Highlands. They participate in the state's key economic projects such as the Pha Lai thermoelectric power plant and the Hoa Binh hydroelectric power plant.... This is aimed at creating the infrastructure and important material and technical bases, and satisfactorily exploiting all potential in every region of the country to develop the economy while consolidating national defense and security. Therefore, it can be said that the great but unsung sacrifices made by the soldiers specializing in economic work in this new domain are no less important than those made by them during the war. Reality has proven that with the revolutionary character of "Uncle Ho's soldiers," these combatants, by giving up their personal interests and placing those of the fatherland and the people above all, have obtained and will obtain the best economic and defense results in this new field.

ECONOMIC

Effects of U.S. Trade Embargo Described

922E0041B Ho Chi Minh City TUOI TRE CHU
NHAT in Vietnamese 27 Oct 91 p 2

[Article by V. K.: "Answering Our Readers: Consequences of the U.S. Trade Embargo and Advantages its Lifting May Bring"]

[Text] Editor's Note: Many letters from our readers have expressed interest in the possibility of the United States lifting the trade embargo that it has imposed on Vietnam for 15 years and have asked about its impact and consequences (detrimental to Vietnam) and about the advantages Vietnam may enjoy if the United States lifts it. We have summed up the views of some foreign mass media and would like to present the main (not complete) point of their opinions as follows:

Impact of the Trade Embargo

Vietnam cannot officially join the U.S. dollar market while the rest of the world, including the former socialist countries, are currently making use of the U.S. dollar system in their foreign trade relations.

Vietnam has to use the services of an intermediary country in its foreign trade relations and has to pay this third country some commission which at times amounts up to 15 percent of each transaction.

Tourists visiting Vietnam often have to bring cash with them, which is a very inconvenient practice, because Vietnam does not accept traveler's checks and because credit cards are still not in common use here. For its part, the Vietnam Central Bank cannot issue letters of credit and also has to rely on the services of an intermediary bank. For this reason, there have been cases in which we have had to resort to bartering, a business practice common in the 17th and 18th centuries.

Foreign shipping companies of international stature rarely call at Vietnam ports and Vietnamese goods have to be shipped out in two stages, thus raising their prices.

Vietnam cannot buy technical equipment and machinery and the United States has also sought by all means to prevent other countries from lending capital to or invest in Vietnam.

Consequences

Regarding tourism, Vietnam has suffered substantial losses, which at times have amounted to hundreds of millions of dollars a year.

Remittances by Vietnamese residents in the United States to their relatives in Vietnam are also limited, causing losses up to hundreds of millions of dollars a year to Vietnam (overseas Mexicans send home more than \$5 billion a year).

To carry out foreign trade transactions, Vietnam has to pay commission to an intermediary country which may cost hundreds of millions of dollars a year.

Vietnam has to ship out its goods in two stages, thus raising their prices and making them less competitive in the world.

U.S. investors face bans, pressure, obstacles, and at times suffer losses.

The social consequences are that the embargo has made it very hard for Vietnam to receive humanitarian aid, thus causing malnourishment to children and sick people. It has also caused considerable difficulties to Vietnam, turning it into one of the world's poorest countries.

Advantages if the U.S. Lifts the Embargo

Vietnam can join the U.S. dollar market and can engage in direct trade with all the world.

Foreign ships will come directly to Vietnam and Vietnamese goods will not have to be shipped out in two or three stages.

Foreign tourists visiting Vietnam will enjoy all the convenience offered by the world's U.S.-dollar banking system.

International investment in Vietnam will be easier to make than at present.

The scourge of smuggling caused by the current bartering practice will be substantially curbed.

Overseas Vietnamese can freely send money to their relatives in Vietnam.

Foreign tourists visiting Vietnam can spend more and pay the people directly.

Vietnamese can directly trade with foreign countries through their representatives in Vietnam, thereby avoiding the need to pay commission.

Naturally, by imposing a trade embargo on Vietnam the United States cannot prevent all other countries from trading with it, and the U.S. trade circles themselves have also realized the disadvantages they are suffering. For this reason, mounting pressure is being brought to bear on the United States to lift the embargo, especially after peace is restored in Cambodia.

Osaka Business Delegation Pays Visit

922E0073A Hanoi NHAN DAN in Vietnamese
30 Nov 91 p 2

[Article by Le Nghiem: "Vietnamese-Japanese Economic and Commercial Relations: Good Opportunities Are Increasing"]

[Text] A delegation of businessmen of the Osaka, Japan, region has just visited and worked in Vietnam, by invitation of our country's Chamber of Commerce and Industry. The delegation of 47 members, representing 43,000 companies in the Osaka region, an important economic center that accounts for 20 percent of Japan's GNP, was led by Mr Keiso Sagi, chairman of the Osaka Chamber of Commerce and Industry. It came to our country to get a knowledge of the situation and actual opportunities to establish business and investment cooperation relations between Vietnam and Osaka.

The delegation included chairmen and presidents of many firms and companies of worldwide renown, such as Daiwa Bank, Matsumoto, Matsushita, Nissho Iwai, and so on. About the meaning of the delegation's visit in Vietnam this time, Mr Toshio Oda, president of Nissho Iwai (which has an office in Hanoi for the last few years), said that there had been many Japanese economic delegations visiting Vietnam lately, but his delegation was a very important one because of the presence of many top businessmen of Japan who came to Vietnam to establish business relations and not to make a study of the overall situation. His delegation included businessmen in the fields in which immediate cooperation with Vietnam could be agreed upon.

Right after its arrival in Hanoi, the Osaka economic delegation signed a cooperation agreement between the Osaka Chamber of Commerce and Industry and the Vietnamese counterpart, which was called an important achievement by the head of the delegation, Keiso Sagi. During the work sessions and exchanges of ideas with Vietnamese representatives, the Japanese businessmen stressed the great potential that could be exploited immediately in the economic and commercial relations between Vietnam and Japan. They said that although the two-way trade, which greatly increased in the last three years and this year could reach a total of 1 billion dollars, has made Japan Vietnam's greatest trade partner, these results have not yet satisfied the wishes of both sides and are far from commensurate with the potential of the two countries' relations. Although Japan has very great capabilities in terms of capital and technology and is an Asian country close to Vietnam, it ranks only 9th among the countries having capital invested in Vietnam; the reason, as the chief delegate put it, was partially due to the Japanese investors being still reluctant, waiting, and remaining inactive. Sharing that opinion, Mr Sumio Abekawa, chairman of Daiwa Bank, had this to say: "Generally speaking, there still are too few Japanese businessmen who know Vietnam, and among the Vietnamese whom I met too few who know Japan. We must further strengthen mutual understanding as a basis for expanding our cooperation relations." Following the statement of Mr S. Abekawa, Mr Ryoichi Matsushita, chairman of Matsushita Industries, said: "With determination and efforts on both sides, the Japan-Vietnam cooperation relations will come to a new good development. We hope Vietnam would organize introductions to make appeals for investment. We would like to have brochures containing information on the situation of investment in Vietnam to introduce them to Japanese companies on a regular basis."

Mentioning a field in which immediate cooperation with Vietnam would be possible, Mr Sunji Koike, chairman of Sunlit Sangyo Company, said: "I came to Vietnam this time with a determination to make early decisions on investment projects in Vietnam. My field of business is ready-made clothing, a priority field on the Vietnamese side. We are ready to provide Vietnamese textile mills and ready-made clothing factories with equipment.

The Japanese ready-made clothing market is very large, with imports from 37 countries totaling 10 billion dollars a year, and still has a great demand for ready-made clothes from Vietnam. Vietnamese products can compete well because of cheap labor and skillful workers." Mr Koike also mentioned the experience of Thailand in providing foreign investors with the necessary information and materials designed to appeal for investment through its investment-promoting agencies. Mr Masahiko Simizu, deputy chairman of Melbo Clothing, a company specialized in high-quality clothing goods, made an observation: "The skills of Vietnamese tailors are quite high. They make very beautiful men's suits. A deluxe suit in Japan costs from 180,000 to 200,000 yens (1,500 dollars), but this price certainly is many times higher than that of the same suit in Vietnam."

Mr Arika Koizumi, deputy chairman of Osaka Gas, pointed out that Osaka has a great deal of experience and capabilities in the infrastructural fields. His company used to import coal from Hon Gai to produce gas, but now imports natural gas from Indonesia, Malaysia, and Brunei. Knowing that Vietnam has large natural gas deposits, he expressed the desire to cooperate with Vietnam in extracting and importing its gas. Representing the iron and steel industries, Mr Hiseichiro Takasima, the chief executive officer of Kyoei Steel Company, had this to say: "Having learned that Vietnam consumes 500,000 tons of iron and steel of various kinds a year and can produce only 200,000 tons, we would like to cooperate with Vietnam to produce the additional 300,000 tons to satisfy your need." Other delegates also expressed the desire to have early projects to jointly work with Vietnam in such fields as cultivating and processing sea products, information and communications, tourism, shoemaking, and so on.

The Japanese businessmen noted that the international and regional situations are changing at a fast pace and in a way creating opportunities to strengthen the economic and commercial relations between Vietnam and Japan, and believed that these relations would quickly develop in the near future. About the investment environment in Vietnam, many of them were concerned about the still-high rate of inflation, the fact that exchange rates greatly fluctuate in Vietnam, and legal economic matters, and said that they hoped Vietnam's economic situation would become more stable everyday and many foreign investors would be attracted to doing long-term business in Vietnam.

Through this visit, which was short but involved urgent and realistic work reflecting the desire of the Osaka businessmen to cooperate with and to do business in Vietnam, everybody felt that it took place in an important time in the economic and commercial relations between Vietnam and Japan.

Article Views Coal Production

922E0061A Hanoi TAP CHI NANG LUONG
in Vietnamese Sep 91 pp 9-11

[Article by Nguyen Canh Nam, M.A., of Coal Survey and Project Corporation: "Some Problems Concerning Investment in Coal Production Development"]

[Text] Although our coal resources that have been surveyed are not evenly distributed (most of them located in Quang Ninh), they are relatively varied in kind, which includes anthracite, bituminous coal, slow burning coal, lignite, and peat, with anthracite being the principal category.

With its current production capacity, the coal industry can ensure an annual output of 6-7 million tonnes of raw coal (equivalent to approximately 5 million tonnes of washed coal). This capacity is broken down as follows:

-Uong Bi Coal Corporation: about 0.8-1.0 million tonnes per year

-Hon Gai Coal corporation: about 0.8-1.0 million tonnes per year

-Cam Pha Coal Corporation: about 3.6-4.0 million tonnes per year

-Coal Corporation Number 3: about 0.5-0.8 million tonnes per year

However, this capacity is not uniform and is degenerating seriously with each passing day, in particular as far as coal sorting, transportation, and export are concerned. In addition, some key materials used in coal production such as explosives, spare parts (for key equipment), and so forth, must be completely imported.

To help the coal industry bring into full play its present production capability, ensure stable production, achieve high efficiency, and enhance its competitiveness in the international market, it is required that investment be made to improve, modernize, and homogenize its production line and to build a number of projects to produce substitutes for imported materials in support of coal production.

During the past few years, coal output (of the Ministry of Energy) has dropped and stalled at around 4 million tonnes a year. The chief reason for that has been the change in the sale service due to the switch of the pricing system from the state-subsidy mechanism to the market mechanism. In concrete terms, we can put it as follows:

A. Although there is (very great) domestic demand for coal, the local purchasing power is low.

B. Coal mixing and processing operations still do not meet the demand for convenience and prevention of noxious fumes in coal consumption, especially in the use of coal as fuel in daily life. Moreover, the cost of coal transportation (to rural and mountainous areas) is too

high. This has significantly reduced the level of coal consumption in the country.

Our coal export market remains limited because of the still unfavorable world political situation and of the fact that the quality and variety of our coal as well as our port facilities still do not meet the demands of foreign customers.

The results of coal demand forecasts up to the year 2005 as noted in the master plan for the development of the coal industry have shown the following (in 1,000-tonne):

Year	1991	1995	2000	2005
Total Demand	5,160-5,600	6,540-7,450	6,870-8,670	6,900-9,200
To Be Exported	1,200-1,400	2,200-2,700	2,200-3,200	2,200-3,200

Thus, compared with 1991, the demand for coal in 1995 will increase by 1,380-1850 thousand tonnes; in 2000, by 1,710-3,070 thousand tonnes; and in 2005, by 1,740-5,620 thousand tonnes. Expressed in percentage, the demand for coal will go up by 27-33 percent, 33-55 percent, and 34-65 percent respectively.

In short, from the aforementioned analysis and appraisal of the current state of affairs, we can deduce the following observations:

1. Our coal resources are adequate to satisfy all demands of the national economy. In the future, coal will also be our country's main source of energy.

2. Given the current production capacity of the coal industry, to meet the constantly growing demands of our economy, especially the demand for coal for export, we must:

A. Make investment to maintain production capacity because some of our mines will be exhausted of their coal reserves after 1995 and new mines are needed to replace them.

B. Make investment to develop some new mines to boost production.

C. Make investment to increase export capacity, including raising the quality and variety of coal and improving and expanding our pier capacity, to ensure the export of more than 2 million tons per year by 2000.

D. Make investment for coal research and processing. [passage omitted]

Uranium Prospecting Results Described

922E0066A Ho Chi Minh City TUOI TRE CHU
NHAT in Vietnamese 17 Nov 91 pp 6

[Article by Huynh Ngoc Chanh and Nguyen Dinh Xe: "Uranium Hunters"]

[Text] They are a group of 120, most of them young northerners, including 20 who boast a college education.

Their weapons are modern machinery and techniques; their means of transportation is their feet because they have to scour dense forests and remote peaks, where nobody lives and roads are completely nonexistent.

Each year, they ford streams, climb passes, and stick to the forests and mountains nine to 10 months on end, putting up with all kinds of hardship and deprivation and struggling through merciless bouts of malaria to trace hundreds of kilometers of jungle trails, survey hundreds of square kilometers, digging hundreds of kilometers of trenches, and drilling deeply into the hearts of mountains.

Since 1984, they have worked quietly, assiduously, and continually in the mountainous areas west of Quang Nam-Quang Nam in search of an extremely precious and rare "animal" that is classified as the 92d substance on the Mendeleev periodic table of elements and known under its international name as uranium.

Yes, they are people specializing in the search for radioactive elements who belong to Geological Group 154 of the League of Radioactive Elements Searchers No. 10. They went to Quang Nam-Danang after receiving a report from Flying Group 82 of the National League of Physicists that in Nong Son, a low-lying area of hundreds of square kilometers west of Quang Nam-Danang, there had been signs of "hidden" uranium deposits.

Quietly, Geological Group 154 went out on a hunt that lasted nearly eight years and has definitely discovered these "hidden" deposits. The first location is the Nong Son coal field, the second is the area of graphite deposits in Tien Phuoc, and the third—and most important—is the pitchblende areas of Khe Hoa and Khe Cao, which are situated on the boundaries of Dai Loc, Que Son, and Giang districts, approximately 70 km from Danang City.

Group Leader Dinh Van Khien, who has been hunting for uranium throughout the past 20 years in the northern regions of our country (such as Lao Cai, Cao Bang, Ha Giang....), said: "The uranium contents and reserves are unprecedentedly large in all the three locations mentioned above, especially the Khe Cao and Khe Hoa areas."

Deputy Group Leader Chu Dinh Ung, a young engineer in charge of techniques, who was directly in charge of the search in the Khe Hoa and Khe Cao areas, disclosed: "In Khe Hoa and Khe Cao, uranium is impregnated at an extremely high ratio in pitchblende, which forms a layer scores of meters thick and spreads over an area of hundreds of square kilometers."

After studying the reports and soil and rock samples sent back by Group 154, Dr. Thai Ba Cau, director of the Institute of Rare Radioactive Elements, personally visited, surveyed, and inspected the areas of uranium deposits west of Quang Nam-Danang several times. With the responsible caution of a scientist, Dr. Thai Ba

Cau (roughly) said: "Geological Group 154 has worked very efficiently and has been quick in accurately determining the locations and reserves of uranium. With such optimism-inspiring reserves and high contents of uranium, the Quang Nam-Danang mines, if they are exploited well, may elevate Vietnam to the fifth or sixth rank in the work in terms of uranium potential."

In regard to the exploitation prospect and capability, Group Leader Dinh Van Khien said: "Our duty is to survey, assess, and report to the upper echelons. As for the state's extraction policy, to this day we still don't know what it is like. However, in my totally personal opinion, with these mines now proven to be a reality, and with the existing technical conditions and scientific standard of Vietnam, we can exploit them in an efficient manner."

Oil Service Company Director Interviewed

92SE0123A Hanoi VIETNAM COURIER in English,
No. 25, Nov 91 p 12

[Article: "OSC Vietnam—A Reliable Dealer": Interview with Pham Thiep, General Director of OSC Vietnam by a VIETNAM COURIER reporter—first paragraph is VIETNAM COURIER introduction]

[Excerpt] Along with the development of the oil industry, the Vietnamese oil service has made important progress over the past decade and more both in the scale of activity and the quality of service; It is thus enjoying the confidence of its foreign customers.

VIETNAM COURIER: The readers of VIETNAM COURIER in foreign countries, especially the business circles and tourists, are greatly interested in the service and touristic activities in Vietnam. Would you please, Mr. General Director, tell us some features of the Vietnamese Oil Service Company—a general business one?

OSC Vietnam General Director: The Vietnamese Oil Service Company (OSC) was established on June 23, 1977, with two main tasks: to organize services and facilities for foreigners coming to cooperate in the exploration for, and exploitation of oil and to engage in touristic business. Besides, it is allowed to be a main partner for oil export.

Given the maturity and prestige of OSC, the Chairman of the Vietnamese Council of Ministers issued on April 29, 1989 Decision No. 106/HDBT turning OSC into a State Company and a main partner in negotiating contracts with foreign companies in the above-said fields. Apart from its main office in Vung Tau, OSC has branches in all the three parts of the country, for instance in Hai Phong, Hanoi, Da Nang, and Ho Chi Minh City. It has entered into five joint ventures with foreign companies and groups under the Law on Foreign Investment in Vietnam: the OSCAN Company (a joint venture with Canamtrimex, Canada), the OSTAT Company (a joint venture with AKS, Czech and Slovakia), the

OSCAT Company (a joint venture with Taylor International, Great Britain), the SEABREEZE HOLDING (a joint venture with ISEYA Hotels, Australia), the OSC-TRAVEL (a joint venture with SIAMMOTOR GROUP, a Japanese tourist company). OSC Vietnam is one of the first companies having entered into joint ventures with foreign countries in stock investment, for instance with Newfatx (Thailand) to establish the Bangkok-based Thai-Viet Company. It is also one of the first business units of the touristic branch having been invested by the Vietnamese State with capital and more authority in doing business. It is carrying out experiments on the stock investment model to be adapted to the present market economy.

As far as soil is concerned, OSC is both a main partner in signing contracts and an agent in offering services, such as renting hotels and villas, supplying means of transport, food, fresh food produced at home or imported from foreign countries, labourers required by drilling platforms or offices, health-care including emergency first-aid off-shore and on the land.

VIETNAM COURIER: Would you please, Mr. General Director, tell us about the services of OSC Vietnam other than oil?

OSC Vietnam General Director: The OSC's Service Office in Vung Tau alone boasts 24 hotels with more than one thousand international standard rooms, and 36 villas with original architecture and equipment. It has also entered into joint ventures with different localities throughout the country. OSC Vietnam has various touristic programmes to interesting places in Vietnam, Laos and Cambodia and through various agencies it has expended its activities to foreign markets and extended cooperation with partners all over the world from South-east Asia to Northern Europe and North America. When required, OSC Vietnam organizes seminars, acts as an agent for investment, supplies economic information to foreign customers. Guests, visiting Vietnam can be given a full-pack service from visa application to others. OSC has a contingent of tourist guides and interpreters fluent in English, French, Russian, Chinese, Japanese, Thai, German...

OSC Vietnam has been specializing in import and export business for many years.

Over the past years, it has invested four million U.S. dollars and billions of Vietnamese dong in production industries such as rice husking and processing; sugar production, mineral water processing; knitting and garment-making, sea products processing, planting of industrial crops such as coffee, pepper, etc., to have goods for export and at the same time import raw materials, goods required by oil services, tourism, hotels and other consumer goods.

In the field of construction, OSC Vietnam has a specialized enterprise including an aluminum-processing workshop producing aluminum frames for windows and doors. This enterprise has built hotels and restaurants for

Vung Tau and other localities in the whole country. Recently we have been auctioned to carry out a number of projects and parts of projects for domestic and foreign joint venture companies.

OSC Vietnam also has a vocational school specializing in the training of professional workers for the oil and touristic branches including managers and specialists. Graduated from the school, the students will be given national standard certificates. Besides Vietnamese students, a number of students from the touristic branches of Laos and Cambodia have also been admitted to the school. For many years now, the OSC Vietnam Tourist School has cooperated with the Bavaria School (Federal Republic of Germany), received assistance in teaching materials, and sent there Vietnamese cadres and workers for training.

So far, a OSC Vietnam has a fairly comprehensive establishment with a contingent of cadres trained at home and abroad, a total fixed capital of hundreds of billions of dong, a large scope of activities inside the country and abroad. With its efforts to diversify and improve production, it has gained the customers' confidence, and is step by step turning into a stock company with a new model of management. It is its hope to enter into business cooperation with investors and customers in various fields on the basis of equality and mutual benefit. [passage omitted]

Gold Exploiting in Phu Yen Described

922E0066B Ho Chi Minh City TUOI TRE CHU
NHAT in Vietnamese 17 Nov 91 pp 6, 7

[Article by Phi Cong and Ngoc Tram: "Story of Gold Exploitation in Phu Yen"]

[Text] Over the past three years, scores of gold mines in Phu Yen have been exploited by the people. Most of these mines are located in Son Hoa and Song Hinh districts or the mountainous areas adjacent to these two districts. In Son Hoa District alone, there are more than a dozen of gold deposits. In the Suoi Trai area, near Xay Dung, Thong Nhat, and Doc Lap A (or Ma Gia) mountain villages, gold deposits have also been found. In Son Phuoc Village, there are the Hon Mot and Hon Vang mines. In Son Hoi Village, there are the Tra Ke, Cheo Reo, Suoi Trau, and other mines. In Son Ha village, there are the Trang Sung and Thang Hoi deposits. In Ca Lui village, a gold deposit has been discovered about three km from the People's Committee office.

In Song Hinh District, there are as many gold deposits as in Son Hoa District, with most of them located in E Tron, E Ba, and Duc Binh villages. At present, the two mines that attract the most people are the Buon Trau and Hon O mines.

The period of exploitation of a gold mine, from the earliest and busiest time to the final day, normally lasts

about one year. However, at some locations, this period has been shorter, such as at Lai and Ma Gia Villages, where it lasted two and six months respectively. In the case of the "53" gold mine, exploitation lasted only seven days. And there was the Hon Ngang mine in Cung Son Township, where exploitation lasted just over one day. There have been several mines where the exploitation period lasted more than two years, such as the ones in Bau Village (Song Hinh District), in Tra Ke and Son Phuoc Villages (Son Hoa District).... At the Hon O mine, extraction went on for more than three years.

During the peak period, up to 2,000-3,000 people work at each mine. They include gold diggers, gold traders, food and refreshment stall operators, gold pit owners, rock carriers, rock grinder operators, gleaners, and "bo chao" buyers.... "Bo chao," the name of a bird species in the mountainous regions of Central Vietnam, is used as a slang by gold diggers to refer to other gold diggers who do not have a pit of their own and have to beg others for every single bucket of ore.

In late winter 1990, a group of residents of Cung Son Township gathered more than 20 hired hands and trekked into a coppice four km northeast of Ma Gia Village. There, they set up tents, seized a strip of land along a mountain slope, and started digging for gold. Not until more than a week later did the local authorities and forestry service discover the presence of these people while they were felling trees and digging in the national foreign reserve and issue an order prohibiting them from proceeding further pending consultations with the leadership. The period of waiting for the upper echelon's decision was also the time when everybody in and outside Son Hoa District was agog about the Ma Gia gold mine, simply because "the grass is always greener on the other side of the fence." Everywhere, people were heard discussing the deposit.

—The gang of that fellow T. got 50 sacks of ore in the first round of digging and gleaned a "chi" [unit of weight equivalent to 3.75 grams] of gold from each sack.

—Mr. Nam, Mr. Tam... the leaders themselves have got one lot each....

—The Ma Gia gold mine is very productive but located in a national forest reserve. There is no way you will be allowed to dig it. Don't hold your breath.

Finally, the long wait became unbearable for many, especially the local people. They rushed in and fought over excavation plots, prompting the district and village authorities and the people's forest service to set up a joint management board to allocate land to those whose names appeared on the registration list. This allocation, however, was only done in a perfunctory manner.

The gold mine in Ma Gia is a communication trench about one kilometer long. It lies in a north-south direction, stretching across a hill and then skirting the slope of

another hill. According to the distribution by the management board based on the registration name list, each pit owner is supposed to be given a two meter length of the trench. In reality, however, some people own two or three pits. When large-scale exploitation first began, each meter of the communication trench where gold was found in large quantities could be resold for one tael of pure gold or 2 to 3 million dong.

Along the trench, according to our estimate, there are about 200 gold pits, each exploited by six to eight persons. On both ends of the trench are the camps of gold diggers and traders, the management board's office, food stalls, rock grinders, and so forth....

At night, the rock grinder area is abuzz with very disorderly and rackety activities like a small town. There are the noises of drunken people singing and moaning at the same time, the shouting of people chasing one another, the clamor of plotless persons crying out to one another while surreptitiously digging in other people's pits. All this riotous cacophony created a constantly tense atmosphere at the gold mine. A young girl who sells cigarettes during daytime may "sell her body" at night in exchange for one or two bags of ore. Some kids roam around causing trouble after drinking a few beers and would not stop until they are beaten up and their heads bleed.

The Ma Gia gold mine is located in a forest the canopy of which was once so thick it would not let in any sunlight during day time. In the past, anyone who slept overnight there would feel tired and suffered from backaches when he woke up the next morning. Whoever stayed there for a week would see the color of his skin turned bluish. In addition, malaria gave hundreds of people a yellow complexion.

Compared with other gold mines in Phu Yen, the number of pits where gold has been found at Ma Gia is relatively large—about 20 percent of the total dugouts—but none of which has yielded more than 30 taels as some pits at Cheo Reo, Suoi Trau... have. On the average, each pit has produced three to five taels of pure gold. If the cost of exploitation is taken into account, this means that each person directly engaging in gold digging makes 10,000-15,000 dong per day. As for the owners of productive pits, they enjoy a higher income because they receive a share of the output at the 40-60 or 50-50 ratio based on the agreement reached among their hired hands. But many people have left empty-handed after losing both their energy and investments for nothing, and have had to earn their tickets for transportation back home by begging for ore from other diggers. Mr. H., a district cadre who went on leave to dig for gold but ultimately went home empty-handed, told us: "Gold digging is really romantic. It fills people with so much yearning because it always makes them think they are going to find five or 10 taels of gold."

The Hon O gold mine, which caused a big stir more than one year ago, is now on the wane. In the past, most pits

at Hon O were 15-20 meters deep, and the deepest one, which belonged to Mr. Be, measured nearly 30 meters from top to bottom. At the depth from 20 to 30 meters, most pits here were highly productive, with each bucket of ore yielding one or two "chi" of gold, and some even producing nearly one tael.

To ensure smooth exploitation, nine wealthy men in Cung Son Township had invested 40 million dong to appease the spirits of Hon O Mountain. They believed that the deeper they dug, the more gold—kilograms of them—they would find. But all their "schemes" fell through. At present, all these pit owners have called it quits. Only Mr. Be's pit remains in operation, each day turning out a few bags of ore, which is ground to produce from four to five grains of gold. Yet, there is still a large number of people at the mine, about 200 of them, including pit diggers, rock grinder operators, gleaners, gold traders, and food stall owners. Song Dinh District's Minerals Corporation has set up a tax collecting station at the Hon O mine, collecting 40,000-50,000 dong daily. Every month the corporation turns over 600,000 dong to the village.

The Hon O mine is strictly controlled and managed by the local authorities, but since early this year there have been three or four clashes among gold diggers and even an incident that has provoked public indignation: That was the case of a deputy leader of Hon O Village's public security unit named Hung who abused his powers and bullied and barbarously beat up a gold digger named Cau. Worse still, the public security organ of Song Dinh District once again mishandled the case. Every morning, the majority of residents of Cung Son Township and Duc Binh Village go to Hon O to glean gold from discarded ore, each making at least 5,000 dong daily. For these people, gleaning has become a regular occupation like other professions. They wake up early in the morning, cook their rice and carry it to work for lunch, and return home in the afternoon. The most numerous and doing the lightest work of all are the gold traders and pit owners, who visit Hon O frequently. Whenever several pits hit a rich vein, up to 20 traders would come to buy gold. On the day we were at Hon O, about 16-17 people were buying gold. At present, in all Phu Yen Province, we estimate that there must be from 5,000 to 7,000 people taking part in gold mining at various gold deposits in Son Hoa and Song Dinh District.

Obviously, at present, gold exploitation is no longer prohibited as it was previously. Therefore, the administration at various levels should consider taking effective measures to improve the situation at the gold mines, especially the relations among people, which are now being handled according to law of the jungle, in defiance of the state law. Those who have neither power nor influence and who earn their living legitimately are often bullied, oppressed, and given a raw deal.

Official Interviewed on Worsening Inflation

922E0068A Hanoi QUAN DOI NHAN DAN THU BAY
in Vietnamese 16 Nov 91 p 2

[Interview with Phan Van Tiem, member of the Communist Party of Vietnam Central Committee and chairman of the State Price Commission, in "late" October 1991 by QUAN DOI NHAN DAN Correspondent Quang Dau; place not given]

[Excerpt] [passage omitted] One day in late October 1991, a QUAN DOI NHAN DAN correspondent met and exchanged views with Professor Phan Van Tiem, Ph.D., member of the Communist Party of Vietnam Central Committee and chairman of the State Price Commission.

[Quang Dau] Comrade chairman, is it true that countries with a big and strong economy are free from inflation?

[Phan] In the past, there circulated in our country a slogan that "Commodity prices should be lowered ceaselessly." Apparently, the slogan had no realistic basis and also reflected voluntarism. Looking at the developmental trend of any country's economy, we can see that commodity prices always tend to increase in keeping with the market mechanism. If they stabilize or drop at times, it is only for a short while. In other words, inflation is the common state of a commodity economy. An Indian economist has advanced a theory that in a developing country, a bearable inflationary rate of about 5.7 percent may have the positive effect of stimulating the development of its economy.

In those countries with a strong economy such as the FRG and Japan, they have effectively maintained this "bearable" annual rate of inflation at around 1 to 3 percent, thereby giving real weight to the Deutsche mark and Japanese yen in the international balance of payment. Around us, countries such as Malaysia, Thailand, and Singapore... also have fairly stable currencies and inflation has always remained at the 5 to 6 percent annually for several years.

[Quang Dau] If my memory serves me right, in 1986 our country faced an economic crisis because of runaway inflation.

[Phan] Yes, at that time, in the market people only talked about "tael" and "chi" [unit of weight equivalent to 3.75 grams] of gold because banknotes were like a "piece of live charcoal" which no one would like to hold for a long time. The year 1986 saw the highest rate of inflation in our history—up to 700 percent. That was a consequence of the unsuccessful general price-wage-money readjustment undertaken earlier....

[Quang Dau] However, only three years later, we managed to control the inflation and reduce it to an unexpected level....

[Phan] The state applied a series of important measures to combat inflation. In 1989 in particular, it worked out

very drastic policies to abolish bureaucratic centralism and state subsidies. For example, it revoked the ban on goods circulation, increased the savings interest rates, and curbed the issuance of banknotes. We must mention another indirect cause that also had an impact: In 1988, we launched the policy of contract in agriculture, and only one or two years after that, owing to the effect of this progressive mechanism, our country was able to export rice and became the world's third largest rice exporter.

The 700-percent inflationary rate of 1986 dropped to 400 percent in 1987, to over 300 percent in 1988, and to only 33 percent in 1989. Although the 33-percent rate was still way above the "bearable" level applicable to developing countries as mentioned earlier, it was a major triumph for us. As a matter of fact, many aspects of the economic life were definitely more comfortable than they had been in the previous few years.

[Quang Dau] Comrade chairman, the situation once again deteriorated in 1990. Especially since mid-1991, gold and U.S. dollar prices have increased continually. What are the reasons?

[Phan] Generally speaking, in 1990-1991 our achievements in inflation control declined and inflation once again rose to the 60-70 percent level, that was, over four percent monthly, almost double the 1989 rate. Why?

First of all, we must mention the objective cause: We faced difficulties in our external economic relations. The agreements we signed with the Soviet Union and other East European countries were not implemented because of the complicated politico-economic changes in those countries. The Soviet Union used to be our biggest customer; each year we received from it about 2 billion dollars worth of materials, equipment, goods through trade, aid, and loans, but in 1990, this amount was reduced to almost nothing. In 1991, we and our Soviet friends signed an export agreement worth 500 million dollars each way, but to date nothing has been done yet. We had to quickly shift to the Zone Two [capitalist countries] market, and only thanks to this were we able to adequately meet the demands of our national economy for essential commodities such as fuel, fertilizers, pesticides, iron and steel.... This year, the value of our exports reaches about \$1.8 billion, enough to meet our demands for imports for the time being. However, we must realize that the value of the transferrable rubles we got in the past is now worth only one-half or one-third of the U.S. dollar, therefore, the prices of nearly all kinds of materials and equipment have shot up accordingly. In addition, in the second half of 1990, the price of oil was doubled as a consequence of the Gulf war.

The domestic causes of inflation have been numerous. First of all, we lost about 1 million tonnes of paddy because of the poor 1990-1991 winter-spring crop. Many new financial and monetary policies of the state have not entered life yet, and the economic relations based on bureaucratism and state subsidies, especially subsidies in

capital procurement, still have had a strong impact on the economy. Many sectors and enterprises have operated at too low a level of economic efficiency and have been chronically in the red. A disturbing situation has been the huge shortfalls in tax collection—up to 30-40 percent annually. In addition, cross-border smuggling has remained unabated. The state budget deficits have been serious. This year, the National Assembly has approved a budget overspending of 1,600 billion dong, but in reality more than 2,000 billion dong are needed to cover emergency expenses, even if these expenses are kept at a limited level.

Recently, for a host of reasons, savings interest rates were reduced, making it impossible for us to fully exploit the large amount of money that remains among the people. Our management of foreign exchange is still lax. We have opened two foreign currency trading centers but are still unable to attract the participation of many business establishments. This has resulted in small turn-overs and prevented us from rationally controlling the foreign exchange rates in the country.

The current rate of inflation is approximately 60-70 percent, double that of 1989 though still far below that of 1986. The state is taking many urgent and long-term measures to check inflation. In any case, all measures are aimed at having an effect on the two "channels" of goods production and money. As far as the goods "channel" is concerned, all we can hope to achieve is a limited result because the highest rate of annual increase we could expect in the gross social product is only 10 percent. Therefore, the monetary "channel" is the decisive one. In the final analysis, the struggle against inflation still consists in some seemingly familiar yet very difficult tasks such as the fight against shortfalls in tax collection, against corruption, against smuggling.... In addition, the financial and banking sectors must ceaselessly renovate themselves to make their capital, monetary, and budgetary management more efficient. Continued economic renovation is urgently demanding that the annual rate of inflation be lowered to a double-digit level. In the immediate future, we are striving to cut inflation in 1992 to one-half of the 1990-1991 period, that is, 30 percent annually. This is a complicated but highly essential task. But if we try really hard, we can surely do it.

[Quang Dau] Thank you, comrade chairman.

Concern Over Foreign Currency Flight Noted

922E0072A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 25 Nov 92 p 2

[Article by Anh Khue: "Foreign Currency Flight: A Worrisome Situation"]

[Text] Editor's Note: For more than a month, the exchange rate of the U.S. dollar vis-a-vis the Vietnamese dong has fluctuated continually with an adverse tendency. The management echelons and economists have given many reasons to explain that situation. They include the factors of speculation, the flight of foreign

exchange from the country, etc. In endeavoring to find specific evidence for the flight of foreign exchange in the city, we feel it is necessary to alert the functional organs about that situation so that effective steps can be taken to stop it.

Our country's foreign exchange fund is limited, while the need for it is very great. Therefore, the state has issued many documents to unify management of the foreign exchange fund in order to meet the needs of national development. However, there are still many shortcomings in the management of foreign exchange that have resulted in an increasingly greater flight of foreign exchange from the country. That is a sphere in which there are still many secrets, and which is concealed by "steel curtains." No one can estimate, even relatively, the volume of the outflow.

The flight of foreign exchange means sending it abroad, secretly or in "open" forms, without routing it through the State Bank, or instead of bringing foreign exchange earned in foreign countries back to Vietnam it remains abroad for long periods to avoid control. According to investigatory data, during the past 10 months alone the municipal customs organ discovered 89 instances of overseas Vietnamese and foreigners entering Vietnam via the Tan Son Nhat airfield port of entry without declaring the foreign exchange they were bringing in. The sums involved totalled nearly one million USD and 79,000 units of other foreign currencies. In 426 incidents of foreign exchange smuggling, 87,980 USD and 14,400 units of other foreign currencies were confiscated. Early this year, on 3 March 1991, the import inspection unit of the customs office of Tan Son Nhat airfield filed charges against two overseas Vietnamese who returned to the country. At the airport they failed to declare foreign exchange amounting to 85,940 USD. That was regarded as a major instance of failing to declare foreign exchange!

The path and "art" of foreign currency flight are still being used by many export-unit units in a "sophisticated" manner: Goods are exported but not all of the foreign exchange is sent to Vietnam. Instead, it is retained and turned over to a company abroad to obtain goods for importing. The value of the imported goods is lower than the value of the exports and the surplus foreign exchange is "silently" deposited in foreign bank accounts and saved for the enjoyment of certain people. This we learned accidentally when talking with someone in the export-import business: goods valued at 300,000 USD were exported but only 250,000 USD were sent to Vietnam. The rest—50,000 USD—were used to open a foreign bank account. Who—Customs or the State Bank—is responsible for inspecting the foreign exchange that is sent back after goods are exported? Only if the export-import units open a letter of credit can the bank know about it in order to demand that the foreign exchange be brought back to Vietnam. But at present there are many overseas Vietnamese companies and capitalist corporations that are coming to Vietnam to open representative offices, and have reached bilateral

agreements with some Vietnamese units to make payments without having to open a letter of credit, so the bank cannot control them. Recently, a foreign corporation schemed to import gold by having SJC receive the gold for it and then turn it over to another foreign corporation, which would sell the gold for money to be invested in Vietnam and used to purchase goods for export. That working method was intended to bypass the State Bank so that it could not exercise control. Thus they didn't have to bring money in or take money out, in which case they would come under the control of the bank, but would receive high prices for the imported gold and at the same time receive a high exchange rate on the black foreign exchange market for the imported goods. That was a case of not bringing foreign exchange in but sending foreign exchange out by exporting goods from Vietnam. Gold imported into Vietnam that goes out in the form of dollars in that fashion is very difficult to manage.

We met with many specialists who had expert knowledge of the foreign exchange situation and learned that a familiar form of foreign exchange flight at present is that foreign corporations bring goods into Vietnam and sell them for Vietnamese dong, then buy U.S. dollars which are deposited in their accounts in Vietnamese banks, so that they can later transfer the foreign exchange abroad legally, by transferring internal funds in the foreign trade banking system. That is a form of foreign exchange flight that arose from our lax management of foreign currency. Not only the Vietnamese foreign trade bank, but also the joint-venture banks and the foreign trade banks in Vietnam may soon accounts to circulate money. If not stopped, the flight of foreign currency will become even worse.

After infiltrating the areas buying and selling gold and foreign exchange in Precinct 1 and Cholon, we noted the present situation of many overseas Vietnamese and foreigners who are businessmen, tourists, or investors smuggling in gold to sell and purchase U.S. dollars to take abroad. Gold brought into the city cost only 425 USD per tael but it is sold for 440 to 450 USD per tael. They earn very big profits, while the state loses taxes on the imported gold and foreign exchange slips abroad and cannot be managed. The buying and selling gold and foreign exchange in the vicinity of Ben Thanh market, Intershop, SJC, etc., takes place feverishly every day. At a time when gold sells for 442 USD per tael, at near-by black market location it sells for 441 USD per tael (the price is always 1 USD lower than the state store price.) The black-market dollar market there has given rise to a group of middlemen who specialize in illegally buying and selling foreign exchange to supply to organizations engaged in foreign currency flight, illegal bank transfers, dealing in foreign goods imported across the border, to export-import units needing dollars, and to the authorized or unauthorized foreign exchange tourism services.

Illegal bank transfers are also a form of foreign currency flight which is not new but is still practiced by many people. We struck up a conversation with a person who

has engaged in illegal bank transfers for a long time and who after goes to the De Nhat Hotel in Tan Binh. He asked us if we wanted to transfer bank funds in the most rapid way. "If one wants to sell a house, a car, or any product or property of value, in order to obtain dollars to send abroad, sell them to me. I will immediately telegraph one of my people abroad to sent that money to your relatives within a week. When your relatives receive the money they will telegraph you. Only then will we officially do the paperwork for the transaction. That method of bank transfer is widespread and is very profitable!" At that point I suddenly remembered in a hamlet where I was tutoring someone recently I heard that Mr. B sold a house to an overseas Vietnamese or some foreigner for 30,000 USD but did not take any money. Instead, he had the buyer transfer the money to Mr. B's son in a foreign country!

At present, a considerable number of overseas Vietnamese organizations and foreign corporations have set up offices in the city to carry out tourism, commercial, and foreign exchange services and offer a two-way foreign exchange service: transferring money to Vietnam and transferring gold and foreign exchange abroad. Anyone who wants to send 1,000 USD to relatives abroad goes to a foreign exchange agency, instead of money obtained from other people abroad being sent back to Vietnam. Part of that money is sent directly to the address of the person's relative abroad and the rest is paid in Vietnam. In that way, foreign exchange flight is carried out smoothly!

Many foreign representative organs have been set up illegally. The phenomenon of overseas Vietnamese and foreign businessmen coming to the city to reach agreements with people in Vietnam to lease houses and hotels for long periods to serve as centers for black marketing, export-import activities, and illegal bank transfers has grown steadily. A preliminary investigation has revealed that after the Ausvinaco Company of Phan Tuan, an overseas Vietnamese in Australia returned to ally with Pham Xuan Nghia at 186 Le Lai to set up an export-import and bank-transfer service they illegally transferred 143,508 USD, more than 76 taels of gold, and 69 million dong, and that was only one of the incidents that were uncovered.

The problem posed for us at present is to improve the foreign exchange management mode. The goals are to use the foreign exchange fund rationally, stop the flight of foreign currency, and encourage producers to earn more foreign exchange.

Economic, Technical Problems in Coal Export 922E0068B Hanoi TAP CHI HOAT DONG KHOA HOC in Vietnamese Nov 91 pp 8-9

[Article by Nguyen Thanh Son: "Coal Export: Economic-Technical Problems"]

[Text] At present, our coal export potential remains considerable. To expand coal export, we still have to

resolve many complicated problems ranging from extraction and sorting to port facilities, market.... However, we think that the important problem that must be resolved to promote coal export in the immediate future is to guaranteeing that our coal meets the export quality standard.

In addition to ensuring that our national economy's demand for coal is met, the coal industry also plays an important role in export to earn foreign currency. In the past, coal used to account for a large percentage of the total value of Vietnam's exports. Each year, the exportation of coal enabled the coal industry to contribute tens of millions of rubles and dollars to the state budget for use in foreign trade payments.

However, coal export is currently facing numerous difficulties, both objective (source of exports) and subjective (market). We would like to discuss here some concrete problems from the economic-technical angle.

1. First of all, in regard to the economic aspect: On the average, four or five tonnes of Vietnamese coal equal in value to one tonne of rice on the world market. The profit earned from the exportation of one tonne of coal is higher than that yielded by the exportation of 10 tonnes of rice. One the domestic market, coal is a product of which there is currently a real glut, but rice is a commodity of which a balance between demand and supply remains unsteady. The social labor productivity represented by one tonne of coal exported vastly surpasses that represented by one tonne of rice exported, while the domestic price of rice is 10 times higher than that of coal.

Two conclusions can be drawn from those comparisons:

- In terms of macroeconomic management, coal enjoys a great advantage over rice as far as export is concerned.
- For the coal industry itself, the international market is of much greater economic value than the domestic market.

2. In regard to the international market: The current trend is highly favorable for the exportation of coal. The volume of coal exchanged on the international market amounts to 350-400 million tonnes annually (representing about 10 percent of the total coal output).

- The use of coal as a substitute for oil and natural gas is steadily growing. Many countries have shifted thermoelectric power plants from running on oil to running on coal. Some countries such as Denmark even ban the use of oil to generate electricity although it has to import coal.
- The use of coal as a raw material for various technical industrial branches is constantly expanding. A carbocemical industry is taking shape to compete with the petrochemical industry. The field of carbon technology is being developed on a priority basis.

- At a time when the question of environmental protection is drawing the attention of all countries, Vietnam's coal, with its relatively low sulphur content, will be significantly attractive to foreign customers and competitive on the world market. Vietnamese coal is used by various countries to generate electricity, produce cement, heat homes, and make electrodes. These countries also mix Vietnamese coal with coal of lesser quality for consumption.

Relatively steady and familiar foreign buyers of Vietnamese coal include such countries as Japan, South Korea, China, France, the United Kingdom, Belgium, Thailand, Hong Kong, Malaysia, Indonesia, Cuba, Romania, the Soviet Union....

3. Regarding the supply capacity (the sources of coal for export):

- First of all, in terms of quantity, generally speaking, the coal industry is facing the following reality: On the domestic market, "supply" outstrips "demand," but on the foreign market, "demand" exceeds "supply."

In 1989, we signed contracts for the exportation of more than 2 million tonnes of coal, but only one-third of this amount was exported.

- Regarding prices: Because our ports for coal export are still small and can only accommodate ships with a displacement of under 40,000 tonnes, customers still have to pay high fees for coal shipment. For this reason, coal buyers are unlikely to accept the coal prices we quote. Apparently, this is an economic question, but essentially it is a technical one.
- Concerning quality: For our coal industry, if the quality of its coal is improved, its international market (and its domestic market as well) will expand. For buyers, if the quality of Vietnamese coal is high, not only transportation costs will drop but the amount of coal consumed for each product unit will also decrease. Thus, the reputation of Vietnamese coal on the world market would be constantly consolidated.

Regarding the technical aspect,, coal quality depends on the following factors: conditions of the mines and the soil, extraction techniques, and sorting technology.

The conditions of the mines and soil of the Vietnamese coal fields are relatively complicated as coal veins are compressed between several layers of rocks. Our vast coal mining area permits us to raise coal quality by limiting extraction at the seams of poor quality (those squeezed between many layers of rock) and increasing extraction at the mines of high coal quality. However, our capability to apply selective coal mining techniques at open-cast mines is still limited because the shoveling equipment we use consists mainly of the hand-held straight-bucket type. At the underground mines, this capability is virtually nonexistent.

We have not paid attention to refining our drilling and dynamiting techniques to improve the effects of explosive detonation in breaking up coal seams to increase the

proportion of coal nuggets and limit the mingling of earth and stones with coal. Extraction technology has a very great effect on the quality of coal. At the Vang Danh Coal Mine, coal is still mixed with large amounts of wood splinters from mine supports, which adversely affects the quality of coal. Each year the mine has to spend hundreds of millions of dong to separate wood splinters from coal.

Coal sorting technology remains a complicated problem. Vietnamese coal is a kind of coal that is difficult to sort. Meanwhile, coal sorting technology in the world (including the advanced technology) is still not appropriate for definitively resolving the Vietnamese coal sorting problem. Recently, we imported coal sorting technology from Australia at a cost of almost \$12 million, but this technology is still incapable of meeting all the initial requirements (although water consumption has been reduced, the much treatment problem remains unresolved).

In regard to the need to ensure the quality of export coal to maintain our reputation on the world market, we cannot shut our eyes to the new sources of coal that recently entered the export trade. This is the coal coming from the small mines the exploitation of which is managed by various localities (mainly Quang Ninh) and other sectors. At these small mines, coal is chiefly extracted from opencut seams that have a poor quality because of long exposure to the elements; moreover, coal is not sorted before it is sold. For this reason, these localities' participation in the exportation of coal should be reconsidered. In the common interests of the economy, coal export by units outside the main technological line of the coal industry must be terminated.

To serve coal export, considerable effort was made recently in the scientific and technical domain. Perfection of the extraction technology at both opencut and underground mines is always the main concern of our scientific research. This is a totally correct direction to follow to resolve two problems simultaneously: raising labor productivity and improving the quality of coal for export.

In coal sorting, the force of scientific and technical cadres of the coal industry has quickly mastered the imported modern Australian sorting technology at the Cua Ong Mine.

At present, to serve the exportation of coal, the coal industry is carrying out scientific and technical research in the following directions:

- Research on the manufacturing of glue for use in coal sorting.
- Producing magnetite for use as a suspension in sorting coal extracted from the Vang Danh Mine.
- Research on the way to separate wood splinters and other impurities from coal at the Vang Danh Mine.
- Improving drilling and dynamite detonation to increase the proportion of coal nuggets....

Raising coal quality calls for well-coordinated technical and technological measures. At the same time, we should also make a thorough study of the properties of Vietnamese coal to accurately appraise its exportability. There still are many other coal quality standards to which we have paid scant attention up to now but which are highly valuable for publicizing the marketability of our coal abroad (such as the content of nitrogen in coal).

Coal is an important product for the national economy; at the same time, it has very great export value. Our coal export capacity has not been fully exploited yet. To expand coal export, it is required that investments be made to resolve a series of problems ranging from extraction, sorting, and port facilities to market. Scientific and technical work always occupies an important position in increasing the coal industry's production efficiency in general and promoting coal export in particular.

Special Features in Banking System Discussed

922E0041A Ho Chi Minh City THOI BAO KINH TE
SAIGON in Vietnamese 17-23 Oct 91 p 14

[Article by John Brinsden: "From Centralized Management to Major Changes in the Law on Banking"]

[Text] Editor's note: The author of this article is one of the bankers who have a fairly good knowledge of Vietnam. In this article, he explains the concrete features of the Vietnamese banking system and how new policies and regulations have changed the face of Vietnamese banks. We would like to present his article to our readers as follows:

The authority to control the Vietnamese banking system is vested in the Vietnam State Bank, a unit charged with the function of administering and coordinating banks, issuing regulations, and managing foreign exchange reserves.

Recently, the Vietnam State Bank carried out notable reforms.... Since 1987, the state's monopolistic managerial mechanism at all levels of the banking system has been gradually replaced by a system based on a division of managerial responsibilities. At present, up to four local banks and one joint local-foreign bank are authorized to engage in foreign trade activities.

Many new banks have also been founded, such as the Vietnam Agricultural Bank and the Investment and Development Bank. Although these banks are supposed to operate in accordance with the functions indicated by their names, they will probably be allowed to develop into commercial banks. As a matter of fact, the Vietnam Agricultural Bank was recently licensed to carry out foreign exchange activities.

The Vietnamese banking system has its own interesting characteristics and is considered as fairly progressive in comparison with what it used to be in the past. One of

these features is that Vietnam is implementing a dual-currency monetary system. Both Vietnamese and foreign nationals may open bank accounts in foreign currency, usually in U.S. dollar (but some other foreign currencies such as the Australian dollar also are gradually gaining in popularity). Withdrawal in foreign currency is possible, but it depends more or less on the availability of the banks' foreign currency sources. This problem may be overcome in the future.

Significant progress has been made in the transfer of money from Vietnam to foreign countries and conversely; and now the transfer of money to Vietnam from financial centers in Asia, Australia, South Asia, the Middle East, and Europe can be done in two days. A matter that in the past has caused headaches to foreign export companies doing business with Vietnam—the value of various kinds of letters of credit issued by Vietnam—has also been improved and initial experiences have proved encouraging.

Perhaps I should briefly recall here the major changes in the banking sector that have had a direct impact on this system.

In the past, each independent branch of a bank had its own international ties and maintained its own sources of foreign exchange. Thus, a bank that had many export companies as its customers would decidedly have more foreign currency than other banks, while another branch of the same bank was constantly short of it. It was certainly not easy to set up a system for the distribution and transfer of foreign exchange among these branches. For this reason, there were situations in which Vietnamese import corporations often had to go to every part of the country, at times having to visit places 1,000 km away, in search of foreign currency. This irrationality has now been resolved, and according to the current regulations, all units doing business transactions in foreign currency must register at the state bank in Hanoi so that it may distribute all foreign currency surplus to other banks and branches at their request on a case-by-case basis.

And last, but not least, is the fact that Vietnam is applying more stringent regulations under which Vietnamese banks are authorized to issue letters of import credit. Applicants for immediate-payment letters of credit must deposit 100 percent of the amount requested in foreign currency in pledge with the issuing bank before a letter of credit is issued. In regard to a delayed-payment letter of credit, the deposit may be smaller—around 30-50 percent—but the bank issuing these instruments must guarantee that it has sufficient foreign currency for payment at the time of transaction, and the State Bank will apply principled measures if the issuing bank is short of foreign currency.

New Regulations on the Opening of Foreign Bank Branches

First of all, it must be said that opening a bank branch in Vietnam is a fairly costly proposition requiring capital of

\$15 million. From a commercial point of view, the fact that 15 percent of profit will be withheld is a discouraging factor.

According to Vietnamese law, foreign banks will be allowed to engage in all activities (conducted in foreign currency) of an international bank. These activities include granting loans in foreign currency, accepting deposits, financing foreign trade operations, and doing foreign exchange transactions. Although stock exchange transactions in foreign currency are also permitted, their scope is still limited; therefore, this matter remains largely a moot point. The State Bank is the unit empowered to consider foreign banks' applications for expansion of their operations in Vietnam. But at present this authority has not yet been promptly exercised because of the need to protect the local banks and to regulate competition.

In my opinion, foreign exchange transactions and short-term trade financing will be the areas of development in the immediate future. However, Vo Van Kiet, chairman of the Council of Ministers, has clearly stated that to enable foreign banks to approach Vietnam, the local banking system must be modernized and new techniques must be applied to suit the financial system. With this promise and guarantee, the arrivals of foreign banks in Vietnam will probably have a salutary effect on the local business climate.

However, a lingering problem is that Vietnam is facing a serious cash shortage, and the termination by the Soviet Union of its subsidy programs for Vietnam and the switch to payments in hard currency have further complicated the situation.

Nevertheless, there is also another aspect in this panorama.... Any tourist visiting Vietnam now must acknowledge that there are signs of prosperity. Foreign-made consumer goods are on sale at marketplaces throughout the country and signs of affluence are more numerous than a few years ago.

Foreign investors are also more dynamic now, and the most typical example of this has been setting up two funds to provide capital for investment in Vietnam. But what is important for success is still continual reforms and the unshackling of the banking system. This process will continue and I hope that Vietnam will become a "tiger" of Asia soon.

Party Official Views Socialism, Market Economy

922E0049A Hanoi NHAN DAN in Vietnamese
30 Oct 91 p 1

[Article by Luu Van Kien, of the Ideological and Cultural Department of the Communist Party of Vietnam Central Committee: "Socialism and Market Economy"]

[Text] Over the past few decades we have identified market economy with capitalism and set market economy against socialism and planning against market

mechanism. In reality, market economy antedated capitalism, and after the latter came into being, market economy reached a higher stage of development and took on new characteristics.

Before the advent of capitalism, market economy had already existed in the simple commodity production system. The basis of the market economy at the time was the division of social labor and the system of private ownership of the means of production. With the development of the division of social labor and with the advent of the system of capitalist private appropriation, the market economy of simple commodity producers turned into a capitalist market economy. Thus, market economy is not an exclusive product of capitalism.

In the process of advancing to socialism, there still exist the objective, natural bases of market economy. They constitute a multisector economic system that will continue to exist for a long time with a diversity of forms of ownership. Under this system, the all-people ownership assumes a leading role, the division of social labor keeps expanding, and so forth.

While affirming that the market economy is not an exclusive product of capitalism but a natural creation of the process of development of mankind's material production, we must also clearly see the different characteristics of the various stages of development of market economy, especially the difference between capitalist and socialist market economy.

There are people who think that advocating the maintenance of the multisector economy that operates in accordance with the market mechanism is tantamount to renouncing socialism and effectively recognizing the capitalist road of development. There are two reasons for this perception: One is a refusal to give up the old conception of socialism which identifies socialism with the level of centralization of the means of production and centralized planning, and the other is a failure to realize the difference between the capitalist and socialist market economy.

Capitalism uses market economy for the purpose of seeking profit for the bourgeoisie. The capitalist state's interference in economy is motivated by the bourgeoisie's concern for profit. When class division still exists in society, the state always has a class character and serves the interests of the power-holding class.

Socialism considers market economy a means to achieve its own objectives. The socialist state is a tool for regulating the market economy and ensuring that it advances in the right direction. There is a fact that must be clearly seen here: State regulation does not mean an imposition of the state's subjective will on various economic processes, such as the imposition of the centralized planning concept in the past. This regulation must be carried out through the market mechanism and in accordance with its laws of evolution. The role of the socialist state in relation to the market economy is manifested in the following areas:

—The socialist state sets forth the targets and orientations of economic development for the purpose of building socialism and serving the people's interests. The seventh party congress stressed: People take the central position in economic development; economic growth must go hand in glove with social justice and progress. The targets and orientations of economic development must reflect a harmonious combination of short-term and long-term interests and must attach great importance to both production development and incessant improvement of the people's living standards. Socialist-oriented market economy guarantees the unification of economic and social policies.

—The role of the socialist state in relation to market economy is also manifested in legislation, policies, plans, and other tools of management. The market directly guides businessmen in choosing their spheres of activities, the kinds of goods to produce, the scale of their businesses, the technology to use, and the forms of business organizations. The state's managing role finds expression in establishing macroeconomic balances, regulating the market, preventing and dealing with unexpected and unfavorable developments, creating a proper environment and favorable conditions for production and business, and guiding and supporting development efforts. The state manages and controls the use of national property. Through its system of policies, it regulates income; guarantees social justice; makes investment for cultural, educational, and public health development; provides assistance for the old, the handicapped, and people in particularly difficult situations; and creates jobs for laborers.

Market economy does not tolerate parasitism, laziness, and bureaucratism. It has a strong effect on the development of social production and kindles the latent potential and creativity of laborers. However, aside from this positive side, the market mechanism harbors no small amount of negativism and quite a few limitations. Market competition will result in division between the rich and the poor and social contradictions. It will encourage producers and businessmen to run after short-term and parochial interests, giving no consideration to the long-term and common interests; to belittle and neglect the social requirements, infrastructure development, environmental protection.... The socialist state, by means of legislation, policies, plans, financial work..., manages and regulates the economy, brings into full play its positive aspects, minimizes its negative effects, and ensures that the market develops in the right direction and yields high economic results.

Managing market economy for socialist purposes is an extremely novel, difficult, and complicated task. On the one hand, it requires a contingent of economic and state managers equipped with a vast knowledge of market economy in general and market economy under socialism in particular. On the other hand, it calls for building a state apparatus and various economic managing organs and the adoption of laws, policies, and

regulations that conform to the market mechanism and are capable of regulating the market in keeping with the socialist orientation. All the negativism that has occurred in the economy in the past has stemmed from the loopholes in the managerial policies and mechanisms and the poor standards of managing cadres. Here, we have not mentioned the negativism among degenerate and deviant cadres who have deliberately sought to pilfer state property. Building the state and economic managerial apparatus and training and retraining cadres in conformity with the market mechanism and according to the socialist orientation are a pressing task and a factor deciding the successful implementation of the economic viewpoints set forth by the seventh party congress.

Foreign Investment in Ho Chi Minh City Viewed
922E0054A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 4 Nov 91 p 1

[Editorial: "Foreign Investment—Initial Results and Problems Worth Considering"]

[Text] To date, in Ho Chi Minh City, up to 141 foreign investment projects with a total capital of \$803.4 million and 24.2 million rubles [R] have been licensed. The pace of investment has kept increasing annually. If there were only 88 investment projects in the city during the three years from 1988 to 1990 with a total capital of \$467.1 million and R24.2 million, in the first 10 months of this year alone there were up to 55 projects in the city with investments amounting to \$336.3 million and 7 million francs. Although the United States still maintains its trade embargo against us, the number of foreign investors has increased to 22 nations and regions, ranging from countries in Southeast Asia, Northeast Asia, and Australia to more distant ones in Europe, North America.... More than 30 percent of these projects have been implemented and rated effective.

However, generally speaking, most of these projects were on a medium or small scale and concentrated in those sectors that promise quick capital recovery and good returns, such as the garment industry, hotel services, telecommunications, electronics, and real estate. The number of investment projects in connection with the infrastructure, water supply, electricity, and engineering... has remained too modest because these are sectors that demand substantial investment capital and a long time for capital recovery. In Ho Chi Minh City, to date there have been only two significant investment projects, namely the Saigon (Thu Duc) export processing zone construction project and the joint venture project for the construction of the Tan Thuan industrial zone on a 300-hectare area with an investment of \$89 million.

The reason for this situation is that foreign investors remain cautious in view of the continued U.S. trade embargo against Vietnam. But there is another, no less important reason: We do not have economic levers strong enough to attract foreign investors to the priority investment domains according to our wishes.

For us, foreign investment and cooperation and joint ventures with foreign countries are still a novel area, yet the aforementioned results are very encouraging and promising. That is the good side. However, in the field of foreign investment, there still are many problems that must be taken into account. The primary decisive and principled question is that foreign investment and cooperation and joint ventures with foreign countries must not be promoted to the detriment of national independence, sovereignty, and security. Another important requirement is that foreign investment must help us acquire new equipment and technology and turn out products of international standards. Foreign investment should not affect local investment. In those sectors and trades where local businessmen are capable of making investment and where local investment is deemed more profitable, foreign investment should be limited.

Manifestations of laxity and negligence in asserting sovereignty when establishing joint ventures with foreign countries have occurred though not in large numbers. There have been two blameworthy and fairly common shortcomings. One was the fact that, because of sectional and personal interests, some of our economic units and directors "blindly" entered into joint ventures with foreign investors to import backward technology or equipment or lent foreign businessmen a hand to wheel and deal, thereby throwing the local market into disorder. The other was that, because of our limited capability, we failed to see through all the tricks of not a few foreign traders, thus causing losses to our side as a consequence. Let us prove this by citing an example here. Recently, foreign traders rushed to invest in the garment industry and to assume the marketing of its products. Thinking they were getting a lucrative deal, some of our economic units hurriedly entered into joint ventures with them. But when they considered the matter more carefully, they realized they were actually suffering losses. That was because aside from its contingent of highly skilled workers, our clothing industry also has fairly modern equipment acquired thanks to our investment over the past few years and our ready-made clothes have already gained a foothold in the capitalist countries' market. Therefore, this industry needs to begin joint ventures with foreign companies in order to develop. By investing in this industry and taking charge of the marketing of its products, the foreign companies have made a double killing: They made a profit because of our cheap labor, and when they sold the products, they kept all the profits for themselves, without having to share them with us.

It is our wish and requirement to broaden our multifaceted cooperation with other nations of the world, especially in the economic field, in order to rebuild our country. But how to continue our open-door policy in the most profitable way possible—without falling into the trap of the hostile forces and those who are deliberately trying to keep us down and without undermining domestic production—is one of the pressing issues raised by the fifth congress of the city's party organization that

should be thoroughly understood in all sectors, especially the economic sector, to increase the efficiency of their business operations.

SOCIAL

Population Growth, Planning Outlined

922E0069A Hanoi TAP CHI HOAT DONG KHOA
HOC in Vietnamese Nov 91 pp 13-15

[Article by Nguyen Luc; "The Population and Development Program: Its Strategic Significance and Goals for the Year 2000"]

[Text] The "population and development" program not only contributes to stabilizing the urgent economic situation at present but also has a great significance in ensuring a bright future for our nation by raising a new generation that is ample in numbers and is of increasingly higher quality. It not only has a national significance but also has a profound international significance because it also determines the future of mankind.

It is necessary to understand the importance of the population program comprehensively, not merely within the sphere of technical public health services, but also that it must be developed comprehensively in many broad spheres, in order to gradually attain the population development goals that are set forth.

During the past several decades our country has been one of those with a high rate of population increase. Its average rate of natural increase was about 2.3 percent and in 1990 was still about 2.19 percent. Reducing the rate of population increase is a hot topic, a solution, and a strategic goal of our country in the 1990's decade, and is also a challenge for our ability to improve and raise the people's living standards, about which all sectors, families, and citizens must be profoundly aware.

In recent years our party and state have begun to be aware of, and gradually concern themselves with, the population task. That concern began with the policies and the formation of population programs in the five-year plan periods of the party and state. By 1990 the population program was no longer restricted to the sphere of public health services and techniques but had developed comprehensively in many broad spheres and had gradually developed effectiveness. At present, although the rate of population increase is still high there is a tendency toward a gradual decline to .46 percent. Small families are increasingly accepted, the average number of children has declined from six to four and the ratio of families with three children or more has decreased gradually over the years, manifested most clearly in the cities and towns, although in the rural areas it has tended to increase in recent years, manifested most clearly in the cities and towns, although in the rural areas it has tended to increase in recent years. The age at first marriage has increased notably (22 for women and 24 for men), but during the past few years the phenomenon of illegitimate births and early marriages have tended to

increase in the rural areas. Average longevity has increased relatively rapidly (to more than 68) and newborn deaths declined notably, which are encouraging phenomena of the population and family planning program. Those changes have had the effect of changing the population structure in accord with the common tendency of the countries in the region and have created a basis for stabilizing the population and improving the quality of life in the 1990s.

Support for implementing the population program is no longer restricted to the cities, towns, and industrial zones but has expanded to the highly populated provinces in both the north and south of our country. In some provinces the population program has become a resolution of the people's councils. Especially, in 1991 the population norm became a law approved by the National Assembly.

However, the implementation of the population program up to 1990 has also revealed weaknesses to which attention must be paid. Not all leadership cadres of the party and state organs at all levels have fully understood the importance of population and development, but only understand the aspect that the population is increasing too rapidly and must be reduced by purely "public health and administrative" solutions. With regard to that aspect, the problem that is posed is how to lower the birth rate without having to make excessive use of administrative measures or abortions. Because of the lack of systematic viewpoints, the population program has concentrated almost exclusively on the public health solutions, from organization to implementation. Therefore, it can be effective in accordance with the present tendency. A point that must be emphasized is that the study and formation of the management apparatus have been inadequate and confused in all regards, from the central level down to the local level, so the population task has not truly, penetrated the families, villages, and hamlets. At the present time, the organizational form of most of the population committees at the provincial and municipal levels is that of a council. The principal activities are contracted out to the planned parenthood clinics or the public health offices. Furthermore, the cadres in the population management network, from the central level down to the local level, have not been trained and educated regarding basic demography or such specialized tasks as management, planning, media work, etc.

The above are the successes and failures in implementing the population program up to 1990. They have prevented the attainment of the population goals set for the 10-year period. The ultimate results were that the population increased rapidly and the quality of life has tended to decline. That actual situation will affect many aspects of economic-social life during the coming decade if policies are not promptly adopted to rectify those two tendencies.

As we enter the 1990's there are favorable conditions for the population and development program but there will

be a considerable number of difficult problems, especially during the first years of the 91-95 plan period. The principal advantage is that the population program has become one of the principal tasks of the economic-social development strategy of the party and state and the objectives and sphere of the program have been expanded. Many sectors and echelons have voluntarily participated in the program, expanded cooperative relationships with the international organizations, and sought unilateral and multilateral aid in order to continually improve the quality of the program and train and cultivate specialists and provide the necessary material conditions.

But during the initial years there will still be many difficulties caused by the unbalanced economy, and the budgetary imbalances will exert a considerable direct effect on the program's activities. Meanwhile, the number of women entering the child-bearing years has increased rather rapidly (both the absolute number and relative number), which is a consequence of fairly to hold down the rate of increase during the two previous decades. Recently, the sudden return of Armed Forces members and workers from abroad will contribute to accelerating the birth rate. Every year the number of women reaching child-bearing age increases by more than 420,000, about 2.6 percent of the total number of child-bearing age (which was about 16.8 million in 1991). Those are factors that will contribute directly to accelerating the rate of population increase in the 1991-1995 period if there no effective means to restrict it.

The direction of population development between now and the year 2000 is to reduce the rate of natural population increase, in order to stabilize the rate of population increase in future decades. Only thereby can we meet the manpower needs and the social security needs of the people. That is also the premise for raising the people's intellectual standard and the public welfare. Reducing the rate of population increase is a requirement of the objective law of the reproduction of labor and the development of social production forces: "Labor, high incomes, and capital accumulation." The goal of population development for the year 2000 is reducing the rate of natural increase from 2.19 percent in 1990 to 1.59 percent in the year 2000, an average decline of 0.6 percent a year. The birth rate will decline from 3.04 percent in 1990 to 2.47 percent in 2000, an average annual decrease of 0.6 percent. Specific goals set for 1991 are to reduce the birth rate by 0.6 percent in comparison to 1990 and attain a rate of natural increase of 2.15 percent. The ratio of couples using birth-control methods will increase from 42 percent to 44 percent in 1991 (about 5 million couples).

In order to attain the above-mentioned direction and goal, the National Population Commission has set forth the following solutions and activities:

1. Perfecting the specialized, professional network on the basis of the strategic information task regarding the population and family planning work in the 1990s. The

educational and information activities must be developed, and their quality implement, in order to transform the knowledge of the community and of each specific category vis-a-vis the goals of the population program, so that the people can voluntarily accept and implement it. We know that birth is not only a law of nature but is also affected by the social laws. Among our people, especially in the rural areas, for historical reasons the viewpoint regarding the strength of the family and clan is still measured in terms of manpower, especially the number of boys. That is a prejudice that is still deeply rooted in the minds of many people. Therefore, the contents of the education and information tasks must be to accept small families, rapidly reduce the ratio of families with three or more children, everyone having a proper attitude toward giving birth to a boy or girl, and tying family planning in with protecting the health of mothers and children, and protecting the environment.

The area of operations of information and education is concentrated in the countryside, especially the three key regions. The objects of propaganda encompass everything from the leadership echelon to the people, with special attention to youths who have just set out in life, men, older people, heads of families, etc., to help them have new concepts of family happiness and the creation of social wealth. If that is accomplished the planned parenthood campaign will be supported strongly and broadly and become a civilized way of life through awareness and voluntariness.

2. Develop, and improve the quality of services to protect mothers and children and planned parenthood.

We must meet the needs promptly and fully, raise and maintain the quality of birth-control facilities and equipment, and the medicines necessary to help people carry out the birth-control measures according to plan. We must continue to strengthen the inter-village family planning service centers that have been built so that they can operate effectively.

3. Increase the managerial ability of the population committee apparatus at all levels.

We must draft a population development and planned parenthood program for the 91-95 phase and until the year 2000, in order to ensure its guiding nature and the policies affecting population development to all families in the nation, in order to attain the economic-social goals, including the population and planned parenthood goals.

We must rectify and strengthen management activities. That is a weakness to which the echelons and sectors must pay special attention. With regard to organization, at the beginning of 1991 the National Population and Family Planning Commission was guided by the government in consolidating to form a directly dependent organ capable of serving as the staff for the Council of Ministers and for guiding and managing that work throughout the country. The ministries and mass organizations will also strengthen that work. It was also strengthened in the localities, from the provincial level down to the district

and village levels, with a spirit of there having to be a number of capable, specialized cadres who can undertake the rich contents of the population-planned parenthood work.

We must create a network to collect information on demography throughout the nation. That is also a very

decisive matter for managing and guiding the population program. At present, the evaluation of the actual population situation, the drafting of plans and policies, and the effects of the policies on the process of population development still lacks many bases, especially a specialized information network regarding population and family planning.

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